DOCUMENT RESUME

ED 479 538 HE 036 072

TITLE	Final Report and Recommendations of the Committee on Affordability.
INSTITUTION	Illinois State Board of Higher Education, Springfield.
PUB DATE	2003-08-12
NOTE	59p.; Presented to the Illinois Student Assistance Commission.
AVAILABLE FROM	For full text: http://www.ibhe.state.il.us/Board/Agendas/2003/August/Item%209%20Report.pdf.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	EDRS Price MF01/PC03 Plus Postage.
DESCRIPTORS	College Preparation; Educational Trends; *Higher Education; *Paying for College; *Student Costs; Student Financial Aid; Tuition
IDENTIFIERS	*Affordability; *Illinois

ABSTRACT

Various recent trends within Illinois higher education have raised concerns that the goals of "The Illinois Commitment," the state's higher education plan, may be at risk. In response to these concerns, a Committee on Affordability was established in August 2002 to conduct a comprehensive and objective analysis of these trends to assess the changes that have taken place in the affordability of Illinois higher education and the effects of those changes. The Committee developed 20 recommendations, which are detailed in this report. The recommendations build on the 3 broad goals suggested by the 1994 Committee To Study Affordability: (1) enhancing academic preparation and performance; (2) assisting needy students; and (3) keeping college costs affordable. Implementation of the 20 recommendations related to these 3 goals will be dependent on the relative priorities set for each by the Illinois Board of Higher Education and other agencies. In many cases, implementation will be dependent on the availability of fiscal resources. The report includes an outline of the action steps and entities needed to implement each recommendation, an assessment of whether the recommendation can be accomplished in the short term or the long term, and a very broad estimate of the costs associated with each recommendation. (Contains 15 figures.) (SLD)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 479 538

Final Report and Recommendations of the Committee on Affordability

Presented to:

Illinois Board of Higher Education
Illinois Student Assistance Commission

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

C. Lorton

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

1

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

August 12, 2003

BEST COPY AVAILABLE

Members of the Committee on Affordability

Illinois Board of Higher Education

Robert J. English, Co-Chairman

Jerry D. Blakemore

Thomas Lamont

R. Eden Martin

Jeff Twardowski
(Chair, IBHE Student Advisory Committee)

Illinois Student Assistance Commission

J. Robert Barr, Co-Chairman

Claudia Freed

Odell Hicks, Jr.

Richard Neumiller

Kevin O'Kelly
(Student Member)

Table of Contents

	Page Number
Executive Summary	i
Introduction: College Affordability in Illinois at a Critical Crossroad	1
Enhancing Academic Preparation and Performance	9
Assisting Needy Students	18
Keeping College Costs Affordable	30
Implementation Actions and Estimated Costs of the Committee's Recommendations	41
Appendix: Implementation Actions and Cost Estimates of the Committee's Recommendations	43

Executive Summary

Illinois can take pride in its long history of promoting an affordable and accessible system of higher education for its residents. In 1994, the Illinois Board of Higher Education (IBHE) affirmed affordability as one of its highest priorities: "As a society, we must ensure that all students, whatever their financial resources, can afford a college education and have access to the wide variety of quality higher education programs offered in the state of Illinois." The state's dedication to keeping college affordable has since been reaffirmed as Goal 3 of *The Illinois Commitment*, which states "No Illinois citizen will be denied an opportunity for a college education because of financial need."

Research findings suggest that the significant investment made by Illinois in need-based financial aid over time has served Illinois students well with regard to the policy goals of access to, and choice among, higher education opportunities. Nevertheless, various trends within Illinois higher education have raised concerns that these goals may be at risk. In response to these concerns, a Committee on Affordability was established in August 2002 comprised of members from both the IBHE and the Illinois Student Assistance Commission (ISAC). The charge to this committee was to conduct a comprehensive and objective analysis of these issues with the goals of assessing what changes have taken place in the affordability of Illinois higher education over time, who those changes have affected, and what actions can reasonably be taken at the state and institutional levels, as well as by students and their families to enhance affordability.

The 20 recommendations detailed in this report, as adopted by the Committee on Affordability, reflect the research, discussion, and input provided via public testimony, surveys, and comments. The recommendations build on the three broad goals suggested by the 1994 Committee to Study Affordability: (1) enhancing academic preparation and performance, (2) assisting needy students, and (3) keeping college costs affordable.

Enhancing Academic Preparation and Performance

The length of time it takes a student to attain a degree is an important consideration in the study of affordability. Factors influencing time to degree are a function of both student and institutional behaviors. For example, a student's decision to change majors or to work may lengthen the time to degree. On the other hand, institutions must provide such services as adequate advisement and class scheduling. Ultimately, the longer the student remains in college, the greater the cost to the student and the state in terms of both monetary and opportunity costs. Therefore, the Committee recommends:

- *Monetary Award Program (MAP) grants should provide funding for a total of 135 credit hours to provide adequate funding for required coursework. Payment for enrollment at a two-year institution should be limited to 75 credit hours as a part of the overall total of 135 credit hours.*

- *A feasibility study shall be conducted regarding development of common courses and degree programs available via the Illinois Virtual Campus (IVC) to help ensure equal access to distance learning opportunities for low-income and adult students.*

- *The "four-year completion guarantee" offered by some Illinois public universities should become available at all 12 public universities, with a two-year version offered at community colleges.*

Another factor influencing time to degree is academic preparedness. Students requiring remedial course work at the college level find they need to "catch up" academically and will subsequently take longer to finish an academic program. Research suggests that high school students taking a college core curriculum are more likely to persist in college than those who do not pursue more rigorous course work. In addition, the use of Advancement Placement (AP) exams may help to offset college costs by offering a lower cost alternative of accumulating college credit. Therefore, the Committee recommends:

- *Illinois high school graduation requirements should be strengthened.*

- *Financial assistance should be provided for low-income students to take assessment exams (e.g., AP) and for participation in "dual enrollment" programs.*

Assisting Needy Students

A Web-based survey conducted as part of this study found that assisting needy students continues to be the most important statewide objective in terms of affordability issues. Research has shown that qualified low-income students still do not attend college at the same rate as their higher-income counterparts. No matter how well prepared low-income students become academically, college is still not an option without the finances to pay for it. Unfortunately, the processes to apply for financial aid are complex and often a deterrent to many low-income students wishing to pursue a postsecondary education. Therefore, the Committee recommends:

- *Annual increases in MAP funding should keep pace with tuition and fees across all sectors with a goal to process applications year-round.*

- *Continue to ensure MAP awards are sufficient to provide student choice among community colleges, public universities, and private institutions.*

- *The Illinois Incentive for Access (IIA) Program should be increased and expanded to provide additional assistance for low-income students.*

- *Continually seek to simplify the financial aid application process.*

- *Coordinate outreach efforts at the state level to educate families and students about financial aid opportunities and assist with the process.*

Keeping College Costs Affordable

Research suggests that rising college costs and prices are not the result of one single cause, but rather a culmination of factors such as: decreasing government support, increasing campus information technology needs, rising facilities maintenance costs, changing student characteristics, growing student expectations, and increasing enrollment. Unfortunately, student aid has not kept pace with tuition increases contributing to the expanding affordability gap, which is the gap between what a student can pay and what a student must pay for college. Closing this gap now is of the utmost importance as a growing number of future college students are projected to be from low-income families. Therefore, the Committee recommends:

- *Public universities should adopt tuition and fee programs that provide stability, predictability, and affordability to assist students/families in their personal financial planning efforts to pay for college.*

- *MAP and stable institutional funding should be the highest priorities in the state's effort to improve affordability.*

Some students and parents may assume college is not a feasible option based on the "sticker price" of an institution. Many are unaware that a vast majority of students attending a postsecondary institution do not pay the "sticker price" due to financial aid awards (e.g., federal grants, state grants, loans, work study, institutional aid, scholarships). Therefore, the Committee recommends:

- *IBHE and ISAC shall develop a biennial "State of College Affordability in Illinois" report, which will serve to not only identify financial needs that must be addressed, but also to make families more aware of the full cost of college attendance early on.*

Finally, recent studies suggest that governmental regulatory requirements may be a factor in increasing college costs by inadvertently duplicating reporting and/or increasing costs necessary to meet these requirements. Therefore, the Committee recommends:

- *IBHE should conduct an analysis of the impact of state statutes, rules, and reporting requirements on institutional costs and make recommendations as to efficiencies and streamlining that can reduce related administrative costs while also ensuring accountability.*

Implementation Actions and Estimated Cost of Recommendations

The implementation of these recommendations will be dependent on the relative priorities set for each one by the IBHE, ISAC, Illinois colleges and universities, and, of course, the Governor and General Assembly. In many cases, implementation also will be dependent on the availability of fiscal resources. The report includes an outline of the action steps needed to implement each recommendation and by what entities (e.g., IBHE, ISAC, institutions), an assessment of whether implementation can be accomplished in the short- or long-term, and a very broad estimate of the cost implications associated with each recommendation.

Introduction: College Affordability in Illinois Faces A Critical Crossroad

Recent news headlines have indicated public concern that rising tuition costs and financial barriers have compromised the ability of our citizenry to pursue a postsecondary education. At the national level, recent reports issued by the Advisory Committee on Student Financial Assistance suggest access to college has been denied to students from lower-income families leaving them with only empty promises.[1] However, current discussions regarding the upcoming reauthorization of the Higher Education Act suggest that increased federal dollars for student financial aid are unrealistic expectations. The National Center for Public Policy and Higher Education confirms the increasing threat to college affordability in its recent publication, *College Affordability in Jeopardy*, which reports that the current economic recession has resulted in reductions to state higher education appropriations coupled with increased tuition and decreased student financial assistance.[2]

What do these recent findings mean for Illinois? The significant investment made by Illinois in need-based financial aid over time has served Illinois students well with regard to the policy goals of access to, and choice among, higher education opportunities. The commitment to affordability is evident in the distinction held by Illinois of providing the third largest amount of state-funded, need-based, undergraduate financial aid in the nation in 2001-2002 in terms of aggregate dollars of awards ($384.5 million, compared to New York's $684.3 million and California's $514.3 million). And, the Monetary Award Program (MAP) remained the second single largest program of its kind in the nation ($372.4 million compared to New York's $674.6 million).

Nevertheless, various trends within Illinois higher education have raised concerns that the goals of access to, and choice among, higher education opportunities may be at risk:

- The growth in tuition and fees across all sectors exceeded inflation and family income during the 1990s and early part of this decade, as did the average loan burden for Illinois undergraduates and their families.

- Illinois public universities and private institutions have become less affordable for lower income students and their families after accounting for what the students would receive through the MAP and federal Pell grants.

- The 10 percent reduction in MAP funding in the fiscal year 2003 budget ($38 million) combined with the significant undergraduate tuition and fee increases for fiscal year 2003 have further reduced the "purchasing power" of the average MAP award for students across all sectors of Illinois higher education.

In short, the growing loan debt faced by increasing numbers of Illinois students and their families since the early 1990s, as well as the growing affordability gap for lower income students

---

[1] See *Empty Promises: The Myth of College Access in America* (2002), and *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity* (2001) at http://www.ed.gov/offices/AC/ACSFA/access.html.

[2] See http://www.highereducation.org/reports/affordability_supplement/affordability_supplement.pdf

at public universities and private institutions may serve to diminish both the breadth of access to, and choice among, higher education opportunities for all Illinois students. This is not to suggest that past and current affordability-related policies have been ineffective. Indeed, as noted previously, these policies have enabled the development of a student aid infrastructure of which Illinois can be proud.

Historical Perspective

Illinois has a long history of promoting an affordable and accessible system of higher education for residents of the state. This includes the establishment of the Illinois Student Assistance Commission (ISAC) in 1957, Illinois Board of Higher Education (IBHE) policy statements, consistent budgetary support for MAP and other state financial aid programs, and a tradition of low to moderate tuition policies at public universities and community colleges.

The 1994 IBHE Committee to Study Affordability noted that "As a society, we must ensure that all students, whatever their financial resources, can afford a college education and have access to the wide variety of quality higher education programs offered in the state of Illinois."[3] This study viewed affordability from a student's perspective with an awareness that the demographics of the traditional student body were beginning to change. The following five affordability goals for Illinois higher education were established at that time:

1. Colleges, universities, and their governing boards, the Board of Higher Education, and other higher education agencies should place high priority on making college affordable in decisions about resource allocations, academic preparation, academic progress, financial aid, tuition and fees, and other areas affecting access and choice.

2. The affordability of a college education depends on institutions' ability to control operational costs as well as students' and families' ability to pay. Institutions should continue and expand efforts to use resources effectively, improve productivity, and enhance the quality of educational programs and services.

3. College affordability is inextricably linked to academic preparation and college academic progress. Active cooperation and coordination across educational levels should be undertaken to ensure that students are academically prepared for college and can complete their college education in an efficient manner.

4. The lack of financial resources should not be a barrier to higher education. State financial aid should be need-based and student-focused, and should recognize the wide variety of student educational goals and the diversity of educational programs and institutions available to students.

5. A college education should be affordable and accessible to all students. In order to maintain the affordability of a college education, students and their families should not be asked to assume a greater share of educational costs than they are now paying. Colleges and universities should make every effort to control increases in tuition and fee rates and other student costs and should establish multi-year plans that identify expected tuition and fee rate objectives.

---

[3] Committee to Study Affordability: Report to the Board of Higher Education, November 1994

Most recently, the state's long-standing commitment to affordable higher education was reconfirmed as Goal 3 of *The Illinois Commitment*, which states "No Illinois citizen will be denied an opportunity for a college education because of financial need." This long-standing commitment at the state level was clearly a contributing factor to Illinois' grade of "A" and ranking of 4th among all states with regard to affordability in *Measuring Up 2000: The State-by-State Report Card for Higher Education* by the National Center for Public Policy and Higher Education. However, the state's rank dropped to a "B" in the Center's 2002 update of *Measuring Up*.[4]

Affordability Concerns For A New Generation

Over time, a policy framework to address the goals of access and choice has evolved in Illinois that has not only enabled the development of a significant need-based student aid program (i.e., MAP), but also has addressed the many other dimensions of the affordability issue, including the impact of pre-collegiate academic preparation on student success, the importance of moderate and predictable student cost increases, and the impact of changing student enrollment dynamics. Although Illinois has a long history of promoting broad access and choice for state residents with regard to education opportunities, the current trends outlined earlier suggest some areas of concern for the continued affordability of higher education for all Illinois students, and ultimately the goals of access and choice.

Furthermore, affordability-related policies must recognize the changing face of higher education and the differing needs of students today versus those of students in the past. Demographic trends suggest that more people are going to college, including an increasing number of minority populations:[5]

- Two-thirds of high school graduates in Illinois go directly to college, up from 42 percent in 1986. About 80 percent of high school graduates will take college courses sometime in their lives.
- Over 90 percent of high school students now expect to continue education beyond high school.
- Growing numbers of working adults go to college to upgrade skills, obtain specialized training, and/or seek college credentials.
- Over the next 20 years, higher education enrollments in Illinois will rise from 77,500 (11 percent) to 115,000 (16 percent) over the 1998 level of 731,000.
- Hispanics now represent 12.3 percent of the state's population, up from 7.9 percent a decade ago. Hispanic enrollments are expected to increase by 94 percent in the next 25 years.
- The rates of college participation of all groups have increased significantly over the past decade. There is little difference among race/ethnic groups in the college aspirations of middle school students.

---

[4] See http://measuringup.highereducation.org/

[5] IBHE. (2001, August). *Gateway to Success: Rethinking Access and Diversity for a New Century*.

In short, although society often views a typical college student as a recent high school graduate attending full-time and finishing in four years, this is often not the case. National trends indicate non-traditional students are quickly becoming more numerous as new students enter college a year or more after high school graduation, must work to support themselves or their families, have dependents in their care, and are over the age of 24. In fact, national statistics indicate that only one in five college students now fit the strict definition of a "traditional" student. Today's students also are more ethnically diverse, have differing educational objectives (e.g., personal enrichment or career advancement rather than baccalaureate attainment), and are more likely to attend part-time.

The following table illustrates how Illinois college student characteristics have changed since 1975. For example, Illinois undergraduate students have become increasingly more diverse as greater numbers of Hispanic and Black students pursue postsecondary education opportunities. In addition, similar to national trends, females are now enrolling in greater numbers than men and are now the majority – 56.5 percent of the student population were females in Fall 2001, as compared to 48.8 percent in Fall 1975.

Table 1: Characteristics of Illinois Undergraduate Students: Race, Ethnicity, Attendance Pattern, Age

Student Characteristic	Fall 1975		Fall 2001
Black, Non-Hispanic	13.4%	*	14.2%
Hispanic	2.6%	*	8.4%
Female	48.8%		56.5%
Attending Part-Time			
Public Universities	10.4%		14.4%
Community Colleges	68.2%		60.4%
Independent Colleges/Universities	26.1%		21.5%
Average (Mean) Age			
Public Universities	21.6		22.9
Community Colleges	26.0		27.1
Independent Colleges/Universities	22.9		24.1

* Fall 1975 percentages include all degree-seeking students
Source: IBHE Fall Enrollment Surveys

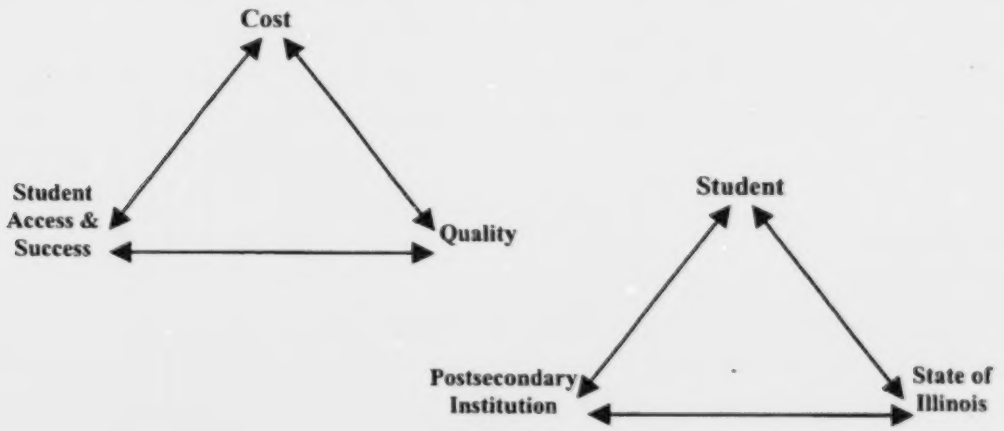
A major challenge in defining and addressing the implications of this "changing face" of higher education is the tension between the widely held public perception of college as a "four year" experience and the increasingly diverse undergraduate student population with regard to socioeconomic background, the educational path chosen, and ultimate educational goal. Research has demonstrated that, overall, most students who begin as first-time freshmen at baccalaureate-granting institutions *do not* complete their degrees within four years and many do not complete within five years. The Consortium for Student Retention Data Exchange (CSRDE) at the University of Oklahoma, which includes approximately 350 institutions (primarily public), reported that just over one-quarter (28 percent) of first-time freshmen entering in 1993-94 graduated within **four** years, although an additional 30 percent graduated beyond the four-year

period.[6] Further, data published in 2001 by American College Testing (ACT) indicate that only 50 percent of first-time freshmen complete a bachelor's degree within **five** years (42 percent for public institutions), and that this rate has been declining gradually since the early 1990s.[7]

The Multifaceted Relationships Underlying College Affordability Issues

The affordability issue encompasses a broad spectrum of relationships that ultimately determine the price paid by a student to receive a college education. For example, there are inherent tensions between student access and success (e.g., persistence and completion), the cost of providing higher education, and the quality of that educational product. These tensions exist because all three are directly related to the issue of affordability, and changes in any one of these areas cannot occur without having some impact in the other two areas. In addition, efforts to maintain and enhance affordability require shared responsibility among three key actors: the state, the institution, and the student/family (see Figure 1).

Figure 1: Relationships Among the Underlying Components of Affordability



In this light, the relationship between the state and the institution are of particular importance in determining the price charged to students who choose to attend a public college or university. History has shown that there is an inverse relationship between state appropriations for higher education and tuition rates.[8] During times of budgetary shortfalls (e.g., recession) higher education will often experience decreases in state appropriations due to increased competition for state funds among other sectors (e.g., K-12 schools, prisons, Medicaid) and the perception that unlike other state agencies, public colleges and universities have the ability to generate revenue (e.g., tuition, fees). It is not uncommon to see higher tuition increases during

[6] 2000-01 CSRDE Report. (2001, May 11). (http://tel.occe.ou.edu/csrde/execsum.pdf)

[7] ACT Newsroom. (2001). (http://www.act.org/news/releases/2001/update.html)

[8] Callan, P. M. (2002, February). *Coping with Recession: Public Policy, Economic Downturns and Higher Education*. The National Center for Public Policy and Higher Education. (www.highereducation.org)

difficult economic times as public colleges and universities attempt to compensate for some of this lost state financial support.

As illustrated in Figures 2 and 3, this relationship between state support and tuition and fees also can be seen for Illinois public universities and community colleges over time.

Figure 2: Annual Percent Change in State General Funds and Tuition/Fees at Illinois Public Universities FY1993 to FY2003

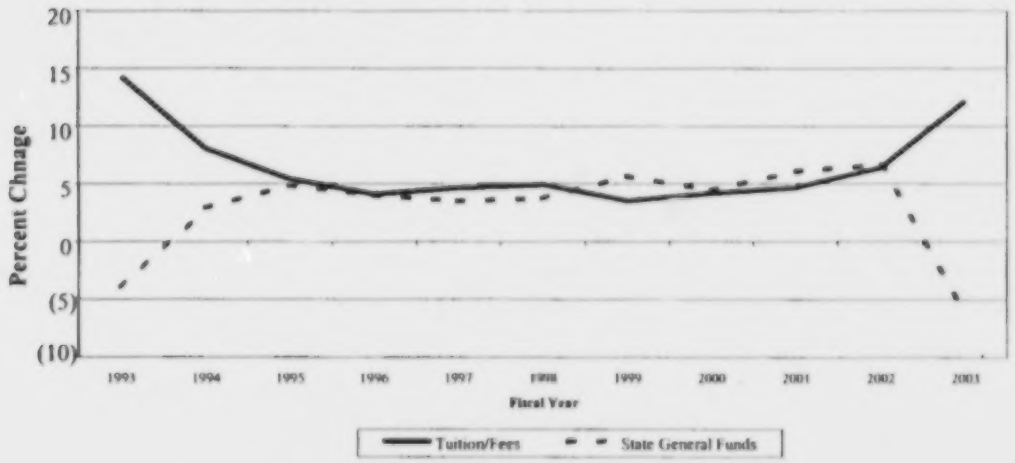
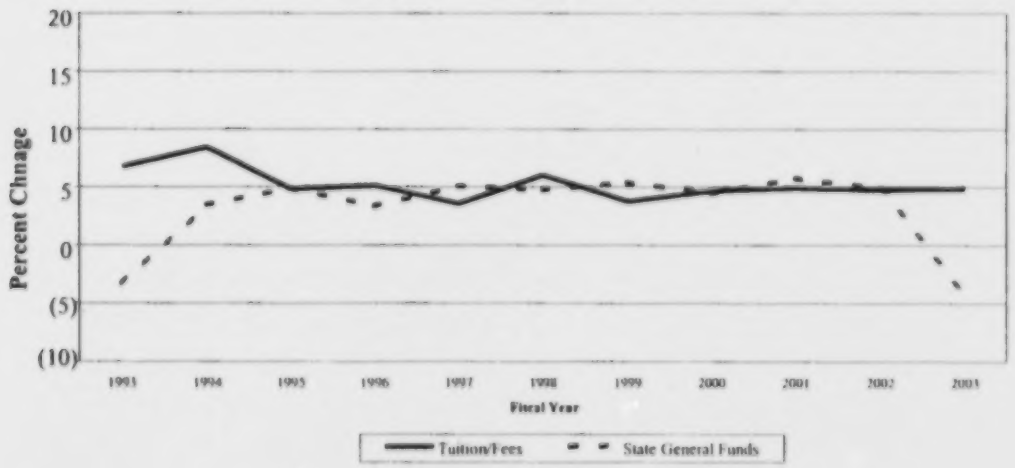


Figure 3: Annual Percent Change in State General Funds and Tuition/Fees at Illinois Community Colleges



The Future of College Affordability in Illinois

At the August 20, 2002 meeting of the IBHE, a Committee on Affordability was established that includes both IBHE and ISAC members. The charge to the Committee on Affordability was to conduct a comprehensive and objective analysis of this issue with the goals of assessing what changes have taken place in the affordability of Illinois higher education over time, who those changes have affected, and what actions can reasonably be taken at the state and institutional levels, as well as by students and their families, to enhance affordability.[9]

At its organizational meeting in October 2002, the Committee determined that this study should build on the previous recommendations of the 1994 Committee to Study Affordability, making changes, additions, and other enhancements where necessary and appropriate. These recommendations, adopted by both the IBHE and ISAC, included several policy recommendations to enhance academic preparation and progress, assist needy students, and keep college costs affordable.

The work of the Committee has involved a review of relevant research and literature, various data analyses, and testimony from national experts on trends and issues related to affordability. In addition to these activities, the Committee has solicited input and opinions from throughout the state on issues of concern regarding affordability. A Web-based survey in November 2002 gathered opinions from within the Illinois higher education community and from other interested individuals on three items:

- The extent to which each of the recommendations of the 1994 Committee to Study Affordability has been addressed sufficiently – *Overall, survey participants view attempts to address the 1994 recommendations to date as average, suggesting that while some progress has been made, there is room for improvement, affirming the importance of the current work of the Committee on Affordability.*

- The importance of these recommendations for the work of the current Committee – *Survey participants indicated that all of the recommendations from the 1994 study still are seen as being important in 2003, although 'assisting needy students' is viewed as the most important for the current study.*

- Other issues that the current Committee should consider as part of its study – *Recommendations were suggested that reflect an ever-changing society and the limited amount of resources available for higher education, including: academic preparation, education of students regarding financial aid, quality, use of public funds at private institutions, and revisiting the definition of "need" and "traditional student."*

In January 2003, the Committee solicited testimony on key issues and concerns regarding the affordability of Illinois higher education that should be considered, particularly those related to enhancing academic preparation and performance, assisting needy students, and keeping college costs affordable. Key issues and concerns raised in the testimony included the growing reliance on loans due to rapidly rising college costs and the inability of grant aid to keep pace, an increasingly non-traditional and diverse student population, MAP application and processing deadlines, and the need for better information at the middle and high school levels on college

[9] See the Committee on Affordability Web Page (http://www.ibhe.state.il.us/Affordability/default.htm)

costs and financial aid availability. Concerns also were raised regarding the proportion of MAP funds currently going to students attending Illinois private institutions.

The recommendations presented on the following pages reflect the Committee's research, discussion, and the input provided to date. They build on the three broad areas of recommendations by the 1994 Committee (enhancing academic preparation and progress, assisting needy students, and keeping college costs affordable), while also recognizing the changes that have occurred since that time. Further, per the original charge to the Committee, these recommendations outline a set of actions that can be taken by the state, institutions, and students and families to maintain and enhance the affordability of Illinois higher education. An initial draft of these recommendations was shared for public comment following the April 1, 2003 meeting of the Committee. The Committee considered these comments and concerns in developing its report to the IBHE and ISAC.

The remainder of this report highlights the three broad areas of recommendations – enhancing academic preparation and progress, assisting needy students, and keeping college costs affordable – via an analysis of the following areas:

- Results of the Web-based survey as to progress made since the work of the 1994 Committee to Study Affordability and issues of continued significance;
- Current issues; and
- Committee recommendations and rationale.

The report concludes with a plan for the implementation of the 20 recommendations by classification into short- or long-term strategies. In addition, estimated costs are identified for each recommendation.

Enhancing Academic Preparation and Performance

Enhancing academic preparation improves a student's chances for academic success and timely progress toward his or her educational goals. As such, this is seen as a key goal to improving affordability. Academic performance and time to degree is a function of both student and institutional behavior. Students may choose to change majors, change institutions, elect majors requiring more than four years, or inadequately prepare in high school. Inadequate academic preparation results in the need to take remedial courses and/or reduced course loads to "catch-up" academically. All of these behaviors increase time to degree. Further, institutions must provide an adequate number of gateway classes and ensure that courses are offered in such a sequence that students can complete their degree in four years or less. In addition, institutions need to advise students about the sequence of classes required in order to complete on a timely basis, help them plan their schedules accordingly, and ensure that students understand the ramifications of not following the recommended sequence.

Shortening time to degree also has been a concern of state policy makers in Illinois. In fiscal year 2003, MAP funding was cut for students who were planning to enroll for a fifth year of college. Overall, MAP funding was reduced by 10 percent. In total, state general funds support for higher education (excluding the statutorily-required increase in funding for retirement) was cut by 6.9 percent in fiscal year 2003. In fiscal year 2004, state general funds support for higher education (excluding retirement) experienced a 5.7 percent reduction. However, the fiscal year 2004 budget added $6 million to MAP for partial restoration of "5th year" eligibility funding. The current fiscal environment is likely to further exacerbate time to degree concerns by impacting both student and institutional behaviors. To reduce costs, students will need to work more, attend on a part-time basis, or drop out entirely for a term. Institutions will be faced with decisions involving how many courses and how many sections of courses can be offered each term. In short, the policy decisions being made today through state budget reductions can only be expected to translate into even greater time to degree concerns in the future.

Enhancing academic preparation, one of the many variables affecting academic progress, is a key goal to improving affordability. The remainder of this section reviews the progress made towards enhancing academic preparation and time to degree since 1994, examines current issues related to academic performance, and provides the Committee's recommendations for enhancing academic progress in the future.

PROGRESS SINCE 1994

Based on results from the Web-based survey, progress on the ten 1994 recommendations within this objective received grades ranging from D+ to C, with fairly little variation among the grades for each recommendation. The highest grade was granted to the recommendation that "education at all levels should expand opportunities for high school students to improve their academic preparation..."; 45 percent of respondents gave this either an "A" or "B." The lowest grade was in regard to higher education helping students and their families understand that "pursuing strong academic preparation and participating in accelerated programs in high school can reduce college costs."

In addition to measuring past performance, a key aspect of the survey was to assess the continued relevance of the 1994 recommendations for the future. Respondents ranked the recommendations from 1, "extremely important," to 5, "not important." The averaged results are shown in Table 2 below. Survey respondents felt most strongly about these recommendations:

Table 2: 1994 Recommendations to Enhance Academic Preparation and Progress

1994 Committee Recommendations	Importance* (High to Low)
High schools need to ensure that students know what coursework is needed for college admission.	2.2
Colleges and high schools should help students plan for costs and plan for their academic programs over a multi-year period.	2.2
Institutions should make sure students understand that strong preparation leads to faster progress and lower personal costs.	2.3
Colleges should eliminate barriers to timely degree completion, including better academic calendars and course scheduling.	2.3
Students need more opportunities to improve their academic prep including enrolling for college credit while in high school.	2.4
Barriers should be identified which prevent high school students from taking college credit courses.	2.5
Colleges should help students make appropriate academic choices.	2.5
Such efforts should address the needs of minority students and adult learners and those needing remedial coursework.	2.5
IBHE shall evaluate efforts to improve pre-collegiate preparation and seek funding for related initiatives.	2.5
Colleges should provide opportunity for students to accelerate degree completion that permit them to complete in less than four years.	2.6

* 1=Extremely important; 5=Not important

- Ensuring that students are aware of coursework required for college admission and that high schools share the successes of their college graduates.

- Educating students and their families about the need to plan for college academically as well as financially. High schools and colleges and universities should provide this information.

Respondents also were asked to identify other potential issues for consideration by the Committee. These are shown below, ranked by rate of recurrence and suggested by over 60 percent of the respondents who chose to provide additional comments in regard to academic preparation and progress to lower college costs:

- Improved high school preparation and counseling.

- Examination and consideration of factors affecting time to degree in developing financial aid policies.

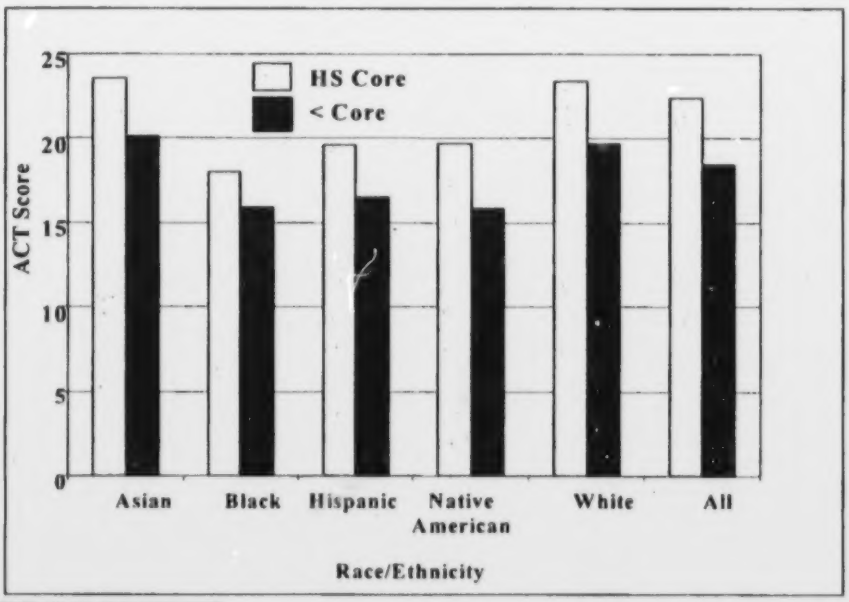
- Increasing the collaboration between higher education and K-12 to facilitate the transition from high school to college.

CURRENT ISSUES

Student progress toward his or her ultimate educational goal is a function of many variables, only one of which is pre-collegiate academic preparation. A 1998 study published by the U.S. Department of Education, *Answers in the Toolbox: Academic Intensity and Bachelor's Degree Attainment*, points out four factors which affect persistence: academic readiness, attendance patterns and academic performance, personal and demographic characteristics, and financial conditions.[10] These topics are discussed to some extent in this section; financial issues are addressed in the "Assisting Needy Students" section.

- **High school students who take the college core curriculum are more likely to persist in college.** In conversations and a mail survey with high school counselors conducted in 2002 by ISAC, counselors frequently noted that many students don't realize the academic rigor that will be required of them in college and therefore don't think they need to pursue the full college preparation curriculum in high school. One counselor stated that "students receive the message that they need to go to college but they are not being prepared to go to college." What is the impact of a more rigorous curriculum? Data from ACT for Illinois high school students graduating in 2002 shows those students who took the recommended core curriculum had ACT composite scores of 22.4 compared to 18.4 for those who did not take the core curriculum. As shown in Figure 4, this difference held true regardless of race/ethnicity.

Figure 4: ACT Composite Scores by Race/Ethnicity and Core Coursework
2002 High School Graduates



[10] Adelman, C. (1999, June). *Answers in the Toolbox: Academic Intensity, Attendance Patterns, and Bachelor's Degree Attainment.* U.S. Department of Education.

Although nearly 70 percent of Illinois high school students matriculate to college, about 55 percent take the core curriculum. Past studies have shown that Illinois ranks last in the Midwest in the proportion of students who complete the core curriculum. Students who are not well prepared for the academic rigors of college are more at risk of dropping out, changing classes and delaying time to completion, if they complete at all. In *The Condition of Education*, it was reported that students who pursued a rigorous high school curriculum were more likely to persist to a degree.[11] The study also noted that first generation students were less likely to persist to a bachelor's degree than others, although a rigorous high school curriculum helped narrow that gap.

Efforts to encourage students to pursue a college preparatory curriculum must recognize that approximately 30 percent of high school students don't matriculate to college after high school. Of these students, about 10 percent pursue trade school or other training, including the military, while the other 20 percent have no additional education or training plans. Any initiatives put in place to improve the academic performance of those planning to enroll in college must be flexible enough to provide an outlet for students who won't enroll, many of whom may be unable to sustain a rigorous college prep curriculum, but who do need a high school diploma. The Committee also recognized that many certificate or two-year degree programs do not require a college prep curriculum to succeed, but do require a thorough grounding in basic writing, reading, and mathematics.

In *Measuring Up*, it also was reported that the percentage of Illinois high school students taking and scoring well on Advanced Placement (AP) exams is low.[12] One of the goals of the Illinois Virtual High School created in 2001 is to increase the availability of AP courses for high school students; only 52 percent of high schools currently offer at least one AP course. Since AP courses and tests represent a lower-cost means of accumulating college credit for all students who can take advantage of this option, efforts should be made to encourage expanded participation, particularly for low-income students.

- **The majority of students pursuing a bachelor's degree do not complete their degrees in four years and many do not complete within five years.** The average time needed for graduation among students attending Illinois public universities is 4.5 years.[13] Similarly, data published by ACT indicate that nationally, 50 percent of first-time freshmen complete a bachelor's degree within five years – 42 percent at public universities – and that this rate has been declining gradually since the early 1990s. Why does it take longer for students to complete their degrees today?

  - ✓ First, college is more expensive today and students have to work more to cover their costs. As a result, they cannot consistently carry the same number of credit hours their predecessors did 10 or 20 years ago. As recently as the 1980s, students could cover their annual tuition costs with their summer job earnings; not so today.

---

[11] National Center for Education Statistics. (2002). *The Condition of Education*.

[12] See http://measuringup.highereducation.org/

[13] IBHE. (1999, June). *Persistence, Graduation, and Time to Degree*.

- ✓ It now takes more than 120 credit hours to complete a degree in several major areas of study, including areas such as accounting, engineering, and teacher education.

- ✓ More options for study are available to students today than to previous generations of college students. As a result, students are more likely to change colleges and majors at least once. It is estimated that more than 60 percent of students in higher education have attended more than one institution during their undergraduate career.

- ✓ In addition, the nature of who goes to college has changed dramatically. In *Answers in the Toolbox: Academic Intensity and Bachelor's Degree Attainment*, the author notes that as a result of developments in higher education in the 1990s, such as the ever expanding proportion of high school graduates entering postsecondary education and new federal policies that encourage even more students to enter or adults to return to higher education, the higher education system is being challenged simply to maintain, let alone improve, college graduation rates.[14]

After funding was cut for "fifth-year" MAP recipients in fiscal year 2003, ISAC surveyed affected students and the results support these conclusions. When students who had not yet completed their degree in four years were compared with those who had, students who enrolled more than four years were more likely to have changed colleges, changed majors, and enrolled in a major requiring more than 120 credit hours (see Table 3). Nearly 85 percent of both groups, however, indicated working an average of 25-26 hours during the academic year.

Table 3: Factors Associated with Graduation Time

Attributes Associated with Graduation Time	MAP-Eligible Graduate in Four Years	Fifth-Year MAP Eligible
Attended more than 1 school	61%	77%
Took remedial coursework	24%	22%
Attended a summer session	68%	71%
Changed majors	41%	64%
Major takes more than 4 yrs.	14%	27%

- **Lower income parents, particularly those without college experience, are less likely to be familiar with the level of academic preparation needed for college, college admissions, financial planning, and financial aid.** As noted in national studies (e.g., *Clueless about College Costs*) many parents, particularly parents of first-generation college students, overestimate the cost of college and know little about the availability of student financial aid.[15] Thus, the expectation that college is beyond a child's reach is created early and promulgated by lack of encouragement to pursue coursework leading to college

[14] Adelman, C. (1999, June). *Answers in the Toolbox: Academic Intensity, Attendance Patterns, and Bachelor's Degree Attainment*. U.S. Department of Education.

[15] Hartle, T. W. (1998) *Clueless About College Costs*. American Council on Education.

BEST COPY AVAILABLE

preparation. In the ISAC survey of Illinois high school counselors, one counselor commented that, "Many of the families in this area have seniors who will be the first to attend college. These students do not have family members who can relate to the college experience even though they are supportive. This lack of a parent being able to say 'I did it and I know you can too' with the implied expectation that the student will go to college and graduate is missing in many families." Parents who went to college have an inherent advantage in helping their children enroll in higher education.[16]

Furthermore, *Swimming Against the Tide: The Poor in American Higher Education*, reported that by the ninth grade or possibly even before, most students have developed occupational and educational expectations that are strongly related to socio-economic status (SES).[17] These expectations manifest themselves in differences in college-going, persistence, and degree attainment rates, all unfavorable to low SES students in comparison to their more affluent counterparts. The report further notes that parental encouragement appears to be a powerful player in the development of student expectations, as do high school preparation, parental occupations, and perceptions of financial aid. They conclude that parents need better information and need it earlier about college experiences (e.g., how to search for and select a school, availability of student financial aid). Only then will parental and student expectations begin to be shaped differently.

- **Persistence issues are greatest for low-wage adult learners who frequently commence their educational pursuits at a local community college.** All of the factors associated with lack of persistence are most evident in adult learners, the fastest growing cohort enrolling in college. They are the ones most likely to need remedial education; 27 percent of entering community college students takes some remedial coursework at a cost of $75 million to the state. Many of those students are adult learners who may not have received a high school diploma. In the *Opening Doors* study, focus groups with low-wage workers enrolled at community colleges led to recommendations regarding improvement in both the quality of noncredit remedial programs and in articulation between noncredit and credit classes.[18] Other key recommendations focused on expanding flexible course offerings such as distance education and self-paced formats.

  Other risk factors affecting the persistence of adult learners include full-time employment, attending school on a part-time basis, having dependents, being a single parent, and delaying college enrollment. The more of these attributes a student possesses the more likely he or she is to not persist.[19] Minimizing the impact of these risk factors through on-campus support activities also will be critical if time to degree is to be promoted for many adult learners.

---

[16] The Institute for Higher Education Policy. (October, 1998). *It's All Relative: The Role of Parents in College Financing and Enrollment.*

[17] The College Board. (2001). *Swimming Against the Tide: The Poor in American Higher Education.*

[18] MDRC. (2002, July). *Opening Doors: Students' Perspectives on Juggling Work, Family, and College.*

[19] National Center for Education Statistics. (2002). *Findings from the Condition of Education: Nontraditional Graduates.*

RECOMMENDATIONS FOR 2003 AND BEYOND

The Committee took the preceding issues into consideration in making the following recommendations to enhance academic preparation and performance.

Enhancing Academic Preparation and Performance	
Recommendations	**Rationale**
1. Illinois high school graduation requirements should be strengthened to be consistent with the Illinois Learning Standards and the ACT recommended core curriculum.	*Research has shown that students who pursue a more rigorous high school curriculum and then attend a post-secondary institution are more likely to complete their education.*
2. Monetary Award Program (MAP) grants should provide adequate funding for the coursework required for graduation. At a minimum, it should provide funding for a total of 135 hours of coursework to allow for remedial courses, non-transferability of certain credits between institutions, and majors that require more than the standard 120 hour requirement for graduation at most public four-year institutions. Payment for enrollment at two-year institutions should be limited to a maximum of 75 hours as part of the overall total of 135 hours.	*MAP currently tracks students' continued eligibility to participate in the program in years, not credit hours, and students are limited to the equivalent of four years of full-time study. Since degrees are tied to credit hours, this change would allow students to pursue the coursework needed to graduate from most programs of study. The limitation at two-year schools ensures that transfer students will still have 60 hours of eligibility left or an amount equal to two years of study at a four-year institution in order to complete their degree.*

Enhancing Academic Preparation and Performance

Recommendations	Rationale
3. The Illinois Virtual Campus (IVC) and its current participating institutions should study the feasibility of developing a *single* application and registration process for distance learners and also of developing policies and procedures for institutions to deliver common courses and common degree programs statewide. The Illinois Board of Higher Education (IBHE) should seek the necessary operating and capital funding from the Governor and General Assembly for effective implementation of this initiative. These policies and processes should ensure equal access to distance learning opportunities for low income and adult students. As such, the Illinois Student Assistance Commission (ISAC) should ensure that state financial aid policies and regulations do not create disincentives for students and institutions to participate in this initiative.	*Enrollment in Illinois higher education is projected to increase by 50,000 to 86,000 by the year 2010, driven by increases in Illinois high school graduates and other demographic changes. Further, enrollment in online courses at Illinois colleges and universities continues to grow, increasing by 74 percent between Fall 2001 and Fall 2002 (23,250 to 40,550). The continued expansion of e-learning resources, but in a coordinated manner, will enhance Illinois higher education's capacity to meet future demand by place-bound students in particular while minimizing costs associated with "brick and mortar" including maintenance and repair. Like the federal application for student aid used also for state and institutional aid decisions, a common application will ease the administrative work for the IVC and simplify the process for the thousands of students who attend more than one institution.*
4. The "four-year completion guarantee" offered by some Illinois public universities should become available at all 12 public universities, with a two-year version offered at community colleges. Public universities also should provide an accelerated track whereby students in majors with several sequential courses can complete their degree in less than four years by attending school year-round and/or utilizing the IVC.	*Ensuring that students who follow prescribed coursework will earn a baccalaureate degree in four years reduces student and family educational costs.*
5. In order to address factors affecting successful degree completion, the IBHE and ISAC should assess jointly the extent to which MAP recipients who enroll at community colleges are progressing toward achievement of their educational goals.	*Entry to the higher education system for many adult learners is through the community college system. In order to ensure the success of adult learners, we need to better understand factors impeding achievement of their educational goals.*

Enhancing Academic Preparation and Performance	
Recommendations	**Rationale**
6. Costs to take student assessment exams such as the Advanced Placement (AP) program should be reimbursed by the state for low-income students who are able to obtain college credit as the result of taking the exam (including test-taking costs and test preparation materials). In addition, financial assistance should be provided for low-income high school students who participate in "dual enrollment" programs.	*Low-income high school students should be encouraged to take AP exams and to enroll in college credit courses in an effort to reduce the coursework needed at the college level and thereby their tuition costs.*

Assisting Needy Students

The now widely accepted concept that financial barriers to college enrollment should be reduced so that equal educational opportunity is available to all students, regardless of economic background, grew out of the 1960s as a result of the Civil Rights movement and the national "War on Poverty." As a result of these initiatives, student aid programs such as the federal Pell grant and Illinois MAP were created and continue to this day to serve a complementary role in assisting low-income students. Both are need-based programs and while MAP helps pay tuition and fees, Pell can be used for any college expense. Over the last 30 years, many students have enrolled and graduated from college because of the assistance they received from these programs. The opportunity to attend college and to pursue an occupation that requires a college degree is, for some students, the chance to break out of a cycle of poverty. For others, it's a chance to fully realize their potential. And for the nation and the state, it's the development of human capital.

For all the work that's been done, however, national data show that qualified low-income students still do not attend college at the same rate as their higher-income counterparts. According to *Access Denied*, low-income students attend four-year institutions at only half the rate of their comparably qualified high-income peers.[20] Illinois data suggest that the inability of qualified low-income and minority students to participate in higher education at the same rate as students from middle- and upper-income families now results in a loss to the state's economy of $1.9 billion per year.[21] This loss can only be expected to grow worse unless financial support can be provided to the increasing numbers of qualified high school graduates from low-income and minority families who want to pursue higher education during the next decade. No matter how well prepared low-income students become academically, college is still not an option without the finances to pay for it.

PROGRESS SINCE 1994

Overall, progress toward the objective of increased assistance to needy students received the most favorable assessment from respondents to the Web-based survey. Some of the specific activities resulting from the 1994 recommendations include:

- The creation of both *College Illinois!*, Illinois' prepaid college tuition program, and "Bright Start," a college savings program, designed to help families prepare and pay for their children's college education.

- The creation of the IIA program, which provides a one-time award of $500 to entering college freshmen with no family resources. The purpose of the IIA program is to provide exceptionally needy students with additional funds, which can be used for any college expense, in order to promote college retention.

---

[20] Advisory Committee on Student Financial Assistance. (2001, February). *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity*.

[21] Hines, E. R. (2003). *The Prairie State Achievement Exam and Access to College for African-American and Hispanic Students*. The Center for the Study of Education Policy, Illinois State University.

- The expansion of MAP to provide awards to needy students who enroll at degree-granting proprietary institutions in Illinois as well as those who enroll on a less-than-half-time basis (i.e., fewer than six credit hours per term).

Table 4: 1994 Recommendations for Assisting Needy Students

1994 Committee Recommendations	Importance* (High to Low)
State financial aid should be distributed to students on the basis of need.	1.8
MAP should support tuition and fee costs.	1.8
The MAP maximum award should increase at the same rate as tuition and fees.	1.9
Aid should be awarded based on student need and resources.	2.0
Minority and low-income students and families should receive information about financial aid availability.	2.1
Students and families should plan ahead for college costs and have information that estimates their likelihood of receiving aid.	2.1
The application for aid and need evaluation process should be simplified.	2.1
MAP application deadlines should facilitate access.	2.1
Colleges should use institutional grants to promote retention of 1st and 2nd year students to reduce dependency on loans.	2.2
Colleges should ensure that admissions procedures do not discourage access for the needy students.	2.2
Students enrolled at least half-time should be eligible for MAP.	2.2
Students should be able to receive MAP for up to 5 years of full-time study.	2.2
IBHE and ISAC should determine whether non-need based programs have served their purpose and funds can be reallocated to need-based programs.	2.3
The impact proposed policy changes to federal and institutional aid should be tracked and changes advocated when they affect the distribution of state financial aid.	2.4
IBHE and ISAC should evaluate the benefits of providing aid to students enrolled less than half time.	2.7
Needy students at degree-granting proprietary schools should be eligible for MAP.	3.3

* 1= Extremely important; 5=Not important

Survey results also suggest that "Assisting Needy Students" continues to be the most important statewide objective in order to improve affordability and a continued focus on several recommendations was noted as "extremely important" by over 50 percent of the survey respondents including:

- MAP should support tuition and fee costs.
- MAP should be awarded according to student need and resources.
- The MAP maximum award should increase at a rate that is consistent with reasonable increases in tuition and fees.
- State financial aid should be distributed to students on the basis of financial need.

Respondents also were asked to identify other potential issues that should be considered by the Committee. Those shown below were the most frequently mentioned concerns, ranked by rate of recurrence, of survey respondents in regard to assisting needy students:

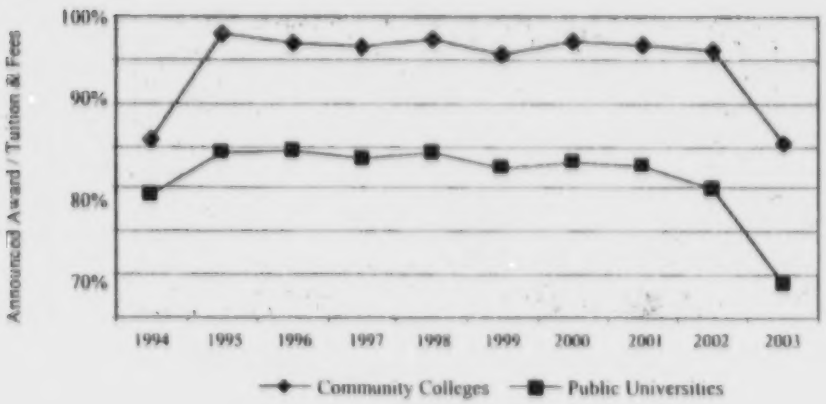
- Revisiting current policy regarding the use of state funds (e.g., MAP) at private institutions.
- Helping to educate and guide minority and first generation students through the unfamiliar territory of higher education.
- Redefining "need" in the allocation of need-based aid.

CURRENT ISSUES

Financing a college education for low-income students is a partnership among the student, his or her family, the institution, and the state and federal governments. Most research over the past few years has shown, however, that the burden of financing a postsecondary education increasingly has been placed on the student at a time when family incomes were either decreasing or remaining relatively stagnant. At the federal level, this shifting of responsibility is evidenced through the loss of purchasing power of the Pell grant that has resulted from inadequate funding needed to provide awards sufficient to keep pace with college cost increases. At the state level, it shows up through decreased purchasing power of the MAP award as well as through the proportion of aid applicants who can be helped. While the Pell grant is a quasi-entitlement program – no matter when students apply during the academic year, if eligible they receive Pell funds – MAP is a fixed cost program. When funds run out, MAP award announcements stop. A result of decreased purchasing power in both programs is shown in the increased dependence on student loans as well as an increase in the number of students who work while enrolled in school on a full-time basis. These issues and others related to state, federal, and institutional student aid are discussed below.

- **The purchasing power of MAP decreased dramatically as a result of budget cuts in fiscal year 2003 and is expected to continue a downward spiral in fiscal year 2004.** Most state grant programs such as MAP are designed to help cover the primary direct cost of education - tuition and fees - up to a maximum amount. As shown in the chart below, the average MAP award for students planning to enroll at a community college has been sufficient to cover over 95 percent of tuition and fees for most of the last decade. As a result of the MAP reduction in fiscal year 2003 the average award dropped to about 85 percent of tuition and fee costs. For students planning to attend a public university, however, MAP awards have been sufficient to cover nearly 85 percent of those tuition and fee costs, but dropped to below 70 percent in fiscal year 2003.

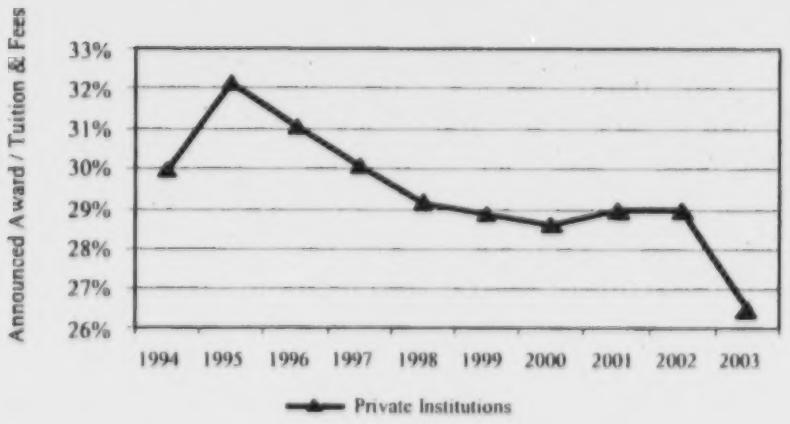
Figure 5: MAP Announced Award as a Percentage of Tuition and Fees, Public Universities and Community Colleges



If MAP funding remains constant in fiscal year 2004 and student awards remain constant, purchasing power will still decline if direct costs go up. As noted in *Losing Ground*, "the steepest increases in public college tuition have been imposed during times of greatest economic hardship."[22] During a recession, when state discretionary spending is cut, including higher education funding, public colleges and universities may respond by raising tuition. Families are then hurt twice, first through the impact of the recession, and then through unplanned tuition hikes when they can least afford them.

For students who elect to attend a private institution, the purchasing power of the MAP award has declined steadily from 32 percent of tuition and fees in fiscal year 1995 to 29 percent in fiscal year 1999, and then dropped to nearly 26 percent in fiscal year 2003 as a result of formula changes made when MAP funding was cut. Students who choose to attend private institutions are affected by the MAP maximum award, which limits the amount that can be paid to any one student. By law, the maximum award is now $4,968, a figure $300 less than fiscal year 2003 average public university tuition of $5,300. No more than $4,720 was paid to any student in fiscal year 2003, however, when all awards were reduced by 5 percent. As noted by the average public university tuition figure, the maximum award is no longer just an issue for students planning to attend private institutions. In fiscal year 2003 the tuition and fees at four public universities, which enroll nearly 60 percent of MAP recipients at public universities, exceeded the statutory maximum of $4,968. By fiscal year 2004, at least seven of the 12 public universities, which enroll nearly 85 percent of all MAP recipients at public universities, will have tuition and fees that exceed the maximum award. If student affordability is to be improved by returning MAP to the level of purchasing power it once provided needy students, then new funding to keep pace with tuition and fee increases will have to go hand-in-hand with increases in the maximum award.

Figure 6: MAP Announced Award as a Percentage of Tuition and Fees, Private Institutions



[22] National Center for Public Policy and Higher Education. (2002). *Losing ground: A National Status Report on the Affordability of American Higher Education*

- **Growth in other college costs also has contributed to the affordability gap.** In addition to tuition and fee costs, students face related costs of varying amounts for items such as room and board, books, transportation, childcare, and spending money. While MAP grants can only be used for tuition and fee costs, federal Pell grants were created specifically to help students address other costs. At the same time that tuition and fee cost increases have averaged six to seven percent a year over the past five years, other attendance costs increased four to five percent per year. Like MAP, Pell grants have not kept pace with rising college costs; the maximum Pell grant in fiscal year 2003 was $4,000 and the average room and board cost at public universities - without regard to other attendance costs - was $5,400.

  Some of the most significant gaps in financial aid affect adult learners. According to the MDRC *Opening Doors* study, the "income gap," which results from students decreasing the number of hours they work in order to go to college, is a detriment to enrollment, as is the need for adequate and affordable childcare.[23] To some extent the IIA program can help address this gap, although as currently structured it provides only a one-time $500 award to freshmen whose financial condition is such that there is no expectation they will be able to contribute to college costs. The IIA program has served as a state complement to Pell grants to help students address costs other than tuition and fees, and data indicate that the primary beneficiaries of this grant are adult learners with children. Efforts made to expand the program have been unsuccessful to date.

- **Institutional aid plays a role in closing the affordability gap but primarily at private institutions.** Independent institutions provide the largest amount of institutional aid for students and, according to student unit record research conducted by the Committee, it's also where students borrow the most.[24] Data for this study were collected from a total of 30 private institutions, community colleges, and public universities regarding the amounts and types of aid received by more than 90,000 students who filed an application for financial aid in fiscal year 2002.[25]

  Results of this research indicate that institutional gift aid averaged more than $6,000 for low-income students at private institutions, $600 for public university students and $70 for community college students. Total gift aid, including MAP, Pell and other sources, was nearly $15,000 for low-income students at private institutions, $7,600 at public universities, and $4,500 at community colleges. As a result, net cost - the difference between college costs and all gift aid - for students *before loans* was greatest for students at public universities ($5,400), followed by private institutions ($5,000), and then community colleges ($4,500). Furthermore, the study indicated that institutions are providing comparable amounts of gift aid to students whose family incomes are such that they are not eligible for MAP or Pell grants and are in Illinois' upper-income quintiles. Several national studies indicate that institutional aid is increasingly being used to enhance the reputation of the institution as well

---

[23] MDRC. (2002, July). *Opening Doors: Students' Perspectives on Juggling Work, Family, and College* (http://www.mdrc.org/Reports2002/opendoors_perspectives/jugglingwork.pdf)

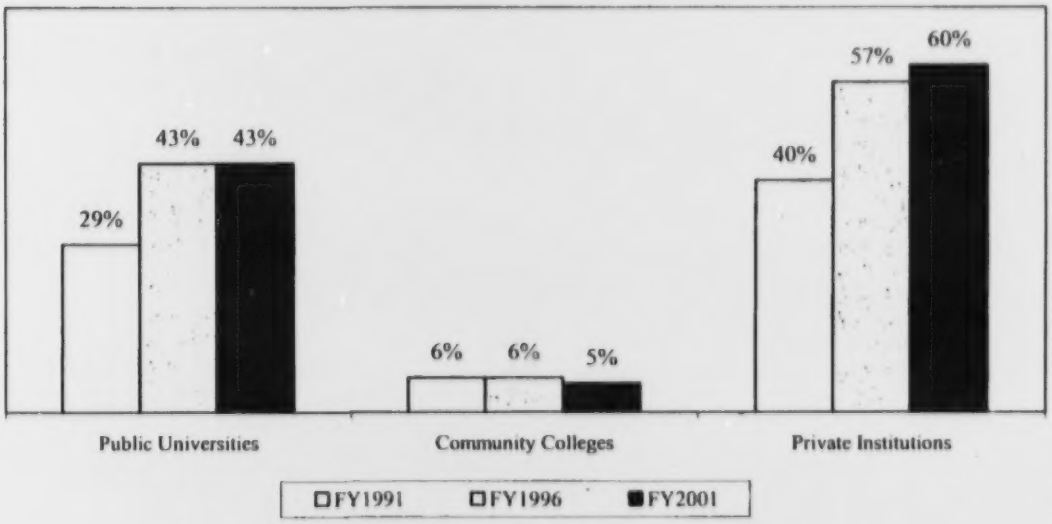
[24] IBHE/ISAC. (2003). *Report to the Committee on Affordability: Affordability Analysis for Illinois Undergraduate Students*.

[25] It should be noted that the data collected from this study were for FY2002, prior to the MAP reductions in FY2003.

as address concerns of middle-income families faced with rising college costs and whose only recourse to help cover those costs is student loans.

- **As a result of a growing affordability gap, students are borrowing more.** Federal guaranteed student loans were created with the intent of providing aid to middle-income families and as a means to support graduate study. As the purchasing power of federal and state grants have decreased over time, loans have become a more critical component for financing the cost of a college education for many students. This trend also is true for Illinois students. As shown in Figure 7, nearly 45 percent of all Illinois undergraduate students now borrow to attend a public university; more than 75 percent of low-income students borrow at public universities.

Figure 7: Percent of Illinois Undergraduates with Loans by Sector



In addition to more students borrowing, the amounts borrowed also have increased. In fiscal year 2001 Illinois students attending four-year institutions had incurred between $14,000 and $16,000 in debt by the time they completed their undergraduate education. The number of studies completed on student loan indebtedness at both the national and state level reflects the concern among policy makers about the growth in student loans and credit card debt. Now, many colleges are calling for increases in federal student loan limits as the only recourse to help their students close the affordability gap. As shown in Table 5 on the next page, however, students at four-year institutions are already graduating with debt such that paying off their loans requires six to nine percent of their monthly income over their first ten years out of college.

Table 5: Loan/Grant Balance in Illinois, FY2001

		Average Cumulative Debt Level (ISAC guaranteed loans)					
	% who borrow	Freshman	Sophomore	Junior	Senior	Monthly Payment	Debt Ratio Range*
Public Universities	43.2%	$ 3,308	$ 6,173	$ 9,279	$ 13,944	$155	5.8% to 7.7%
Private Universities	53.7%	$ 4,027	$ 7,577	$ 11,474	$ 16,485	$183	6.9% to 9.2%
Community Colleges	4.9%	$ 3,202	$ 5,464	$ -	$ -	$ 61	3.0% to 4.5%
Proprietary Schools	96.6%	$ 5,247	$ 10,713	$ -	$ -	$119	5.9% to 8.9%

** University ratios based on a starting salary range $24,000 to $32,000*
** Community College and Proprietary ratios based on salaries from $16,000 to $24,000*

A debt ratio of 8% is generally considered to be the maximum for a manageable debt burden.

In *Increasing College Access or Just Increasing Debt*, student loan debt levels and income ranges by major area of study were examined in order to determine at what point students who borrow would realize true economic benefits from their college education.[26] Based on expected salaries by major over the first decade after college and the amount students had to repay, it was concluded that ten years after graduating, students still would see no economic benefit; those who chose to forego college and work after high school were doing better financially. At 14 years after college, most loans were repaid and income levels had increased such that students were finally beginning to see some economic return for their investment. The time varies, however, by profession. Engineers, for example, should expect to see a return on their investment before ten years; for teachers the time period would be longer.

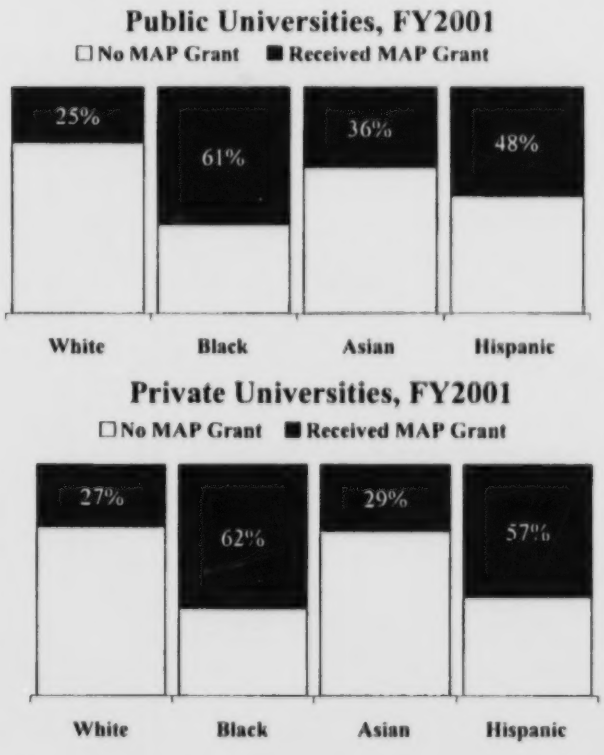
- **In times of fiscal constraint, efforts may be made to limit student choice.** When the MAP program was initially created, college opportunities were more limited in Illinois. And, at that time, the cost of education was not much different between a private institution and a public university. Now, differences in those costs have grown considerably and Illinois has one of the largest and well-developed higher education systems in the nation. The MAP program has enabled many low-income students to choose the educational setting most conducive to their personal success, by having the ability to choose between a community college, a public university, or a private institution since MAP award amounts differ based on tuition and fees. The diversity this has provided at higher-cost institutions is reflected in Figure 8 on the next page. More than 60 percent of African-American students who attended public universities and private institutions in fiscal year 2001 received MAP grants, as did 48 percent and 57 percent of Hispanic students respectively.

---

[26] ISAC. (2002). *Increasing College Access or Just Increasing Debt? The Problem with Raising Student Loan Limits.* (http://www.isac-online.org/newpages/download/access_web.pdf)

In times of fiscal constraint efforts may be made to deliberately limit student choice for the benefit of certain institutions or an institutional sector. In *The Future of Financial Aid*, the author notes that such rivalries lead to the substitution of institutional and sector considerations for what was conceived to benefit students and society through the expansion of higher education opportunities.[27]

Figure 8: Percentage of Minority Students Attending Public and Private Universities on a MAP Grant



To the extent that the MAP maximum award provided to students at private institutions remains equal to (or less than) the state subsidy students receive at public institutions, choice would seem an economically good option for Illinois. Were MAP eligibility to be eliminated for students at private institutions, and if those students all enrolled at public universities, not only would their MAP award not decrease – again, most public universities' tuition and fees are over the maximum award – but the state also would have to assume the significant subsidy cost that would result from these additional enrollments. Further, while public universities have experienced sharp increases in admissions applications in recent years, some have had to limit admissions due to resource constraints. Without the option to choose across sectors, some students would be left with no choice if they were upper-division students; lower-division students would have the single option of attending their local community college. In *The Policy of Choice*, the authors note that some researchers assert that low-income students are increasingly concentrated in lower-priced, two-year institutions as a result of inadvertent federal student aid policy, reflecting a growing stratification of postsecondary education by socio-economic status.[28]

In addition, *The Policy of Choice* indicates that the goal of choice is explicitly encouraged by the inclusion of the price of college in the federal need analysis formula – and in the MAP formula - in which the level of student "need" increases if a student chooses an institution with a higher price of attendance, all else being equal. This means that students can be defined as needy based upon the price of the institution they choose, rather than only as a

[27] Johnstone, B. D. (1986, Fall). *The Future of Financial Aid*. The College Board Review.

[28] The Institute for Higher Education Policy. (2002, August). *The Policy of Choice: Expanding Student Options in Higher Education*.

BEST COPY AVAILABLE

result of disadvantaged economic circumstances. In the MAP formula this phenomenon is balanced by the use of an expected family contribution cutoff; no student can receive a MAP award at any institution if his or her expected contribution calculated through the need analysis formula is greater than $9,000.

- **When MAP funding fails to keep pace with increases in aid applications from low-income students, access becomes more limited.** About 50 percent of MAP recipients are independent students, many of whom are adult learners returning to school to improve their economic credentials. Between Illinois' well-developed community college system with its open-door policies and low tuition and the MAP program, Illinois students have fared better than most other adult learners around the country. The MAP program was one of the first state grants to provide awards to students attending on less than a full-time basis – many states still don't – and the first to provide awards to students enrolled on less than a half-time basis. In addition, MAP has a later application deadline than the majority of other states' grant programs and adult learners are more likely to make later decisions about enrollment than some of their more traditionally-aged counterparts. Generally, MAP funding has been adequate to provide awards to students who applied in January preceding the academic year through October 1st of the academic year. In some years, funding has been adequate to provide awards to students who applied throughout the academic year. In fiscal year 2003, however, award announcements were stopped mid-August. Because many entering adult learners complete admissions and financial aid applications at the point of registering for classes, they are affected most severely if MAP funding deficiencies mandate early cut-off dates. Application volume increases usually come from adult learners whenever the economy deteriorates. Now, however, MAP volume increases also are coming from a growing number of increasingly diverse and MAP-eligible high school graduates. Both groups will create additional funding needs for the MAP program in the near future.

- **Another means to assisting needy students is through simplification of the student aid application process.** During the last 20 years much has been done on this front. Throughout the 1970s students had to file at least three different applications; one for federal aid, one for state aid, and one for institutional aid. By the 1990s, only one form was needed for all types of aid – the Free Application for Federal Student Aid (FAFSA). The federal government produces this form with input from those states that use it for their state grant programs. Illinois was the first to eliminate its separate state grant application in 1983. Further, families whose incomes are below $50,000 only have to fill out about half the form. The federal government is continually seeking ways to reduce the number of questions needed and to simplify the instructions. Application filing is seen as a particular challenge for first-generation students who have no experience and no support in filing either admissions or aid applications.

- **In times of fiscal constraint, arguments are made that state student aid resources should be focused on need-based aid.** While the vast majority of state student aid in Illinois is need-based, the state also administers eight special financial aid programs that are non-need based (i.e., allocated based on criteria other than need.) Some have argued that, particularly in tight fiscal times, awarding state grant dollars to students who are not financially needy is not an efficient use of state funds in that it provides money to students who can afford to attend college anyway. In short, one school of thought would call for these non-need based resources to be re-directed to need-based aid programs such as MAP and IIA. However, as was noted by the national experts who spoke to the Committee, once a special category

program is created, it is difficult to eliminate.[29] Each program was designed to serve a specific purpose and to benefit those students who qualify. In reviewing the continued need for these programs it also is important to note that some portion of the students receiving tuition grants through non-need based programs would be eligible for MAP, and that savings would be less than the current aggregate funding level of $35 million. Nonetheless, there is benefit in reviewing the purposes, benefits, and costs of such student aid programs, particularly when public resources are so scarce.

RECOMMENDATIONS FOR 2003 AND BEYOND

The Committee took the preceding issues into consideration in making the following recommendations to assist needy students.

Assisting Needy Students	
Recommendations	**Rationale**
7. Annual increases in funding requirements for MAP should keep pace with projected increases in tuition and fees across all sectors. At a minimum, application processing should continue through mid-September for students seeking to enroll in the fall term. Ultimately, funding should be available to permit year-round processing if the state is to be responsive to the needs of all students, traditional and non-traditional.	*Since MAP helps students cover tuition and fee costs, students lose affordability when funding is not sufficient to allow MAP to address increases in tuition and fees. In addition to the level of support being provided to low-income students, the number and types of students being helped in all sectors also measure access. MAP funding needs to be sufficient to provide grants to all types of students, both traditional and non-traditional.*

[29] Wellman, J. V. (2002, December). *Accounting for State-Funded Aid.* Presentation to the Committee on Affordability.

Assisting Needy Students

Recommendations	Rationale
8. Continue to ensure that MAP award amounts are sufficient to provide student choice among community colleges, public universities, and private institutions. At a minimum, increases in the MAP maximum award should equal or exceed average annual increases in public university tuition and fees.	*The purpose of the MAP maximum award is to help "equalize" tuition and fee charges between public and independent school options in order to bring the option of independent higher education into reach for students willing to incur more substantial indebtedness. This allows low-income students to choose among options that best meet their needs and provides diversity within the higher education system. Further, at a time when expansion of the state university system is challenged by the availability of state funding, students' ability to enroll at independent institutions at the same rate as in the past is even more critical. Currently the MAP maximum award is less than the tuition and fees of 7 of the 12 state public universities. If a bachelor's degree is to be achievable for low-income students, then the maximum award will need to sufficient to allow that to occur.*
9. The Illinois Incentive for Access Program (IIA) should be increased to provide awards of $1,000 to freshmen with no ability to pay for college and expanded also to include $500 for freshmen with very limited ability to pay for college.	*While MAP addresses tuition and fee costs, students face significant other costs in order to attend college such as room and board, transportation costs, books and supplies, and childcare expenses. The purpose of the federal Pell grant is to provide funds to students to address these costs, but funding for that program has failed to keep pace with college cost increases. Therefore, in order to promote retention for low-income students in Illinois, IIA should be expanded to supplement Pell grant awards for entering students.*
10. ISAC should conduct further research and make recommendations on how to ensure that any changes in MAP award distribution improve affordability for students and families whose income levels place them in Illinois' lower three income quintiles and to reduce the amount of borrowing needed for freshman and sophomore students in those income quintiles.	*Studies show that students in these income categories have the most remaining need for college after all sources of aid are taken into consideration. Grant aid should be focused on providing access and choice for lower-income families. Further, a high proportion of freshmen and sophomores at four-year institutions - including four-year public institutions - are borrowing the maximum allowed by law.*

Assisting Needy Students

Recommendations	Rationale
11. At least 25 percent of the discretionary tuition waivers (dollar value) provided by public universities to undergraduate students should be allocated on the basis of student/family financial need, with a goal of increasing this proportion to 50 percent over time.	*Given the current environment of increasing costs and decreasing purchasing power for students, more emphasis is needed on need-based aid, including tuition waivers that are provided by the public universities. In FY2002, 8 percent of the discretionary waivers provided to undergraduate students at Illinois public universities ($15.9 million in total) were indicated as having been provided on the basis of need.*
12. The distribution of state need-based aid should continue to be focused on students, not institutions, through a centralized program administered by ISAC.	*Awards should be based on ability to pay and educational costs, not the availability of funds at, or attractiveness of the student to his or her selected postsecondary institution. Further, a centralized program at the state level provides for greater administrative efficiencies, maximum utilization of funds, and greater accountability for administration of the funds in accordance with the State's policies.*
13. The IBHE and ISAC should jointly conduct a review of all state student aid programs not primarily based on need to assess the efficiency and effectiveness of each in order to justify continued program funding.	*Many student aid programs were designed at a specific point in time to address worker shortages, reward merit, or recognize a service that has been provided. These programs need to be reviewed in order to determine whether sufficient justification exists for their continuation, and if not, reallocate those dollars to other high priority student aid needs.*
14. Continually seek to simplify the financial aid application process in order to promote access while ensuring that adequate data are collected to safeguard state taxpayers' interests.	*For student ease and reduced administrative costs, Illinois needs to continue to utilize the same application for state need-based aid students are required to file for federal student aid such as Pell grants. Efforts should be supported which ensure that the only data being collected is that minimal amount needed for determination of award eligibility.*
15. ISAC should coordinate current and future Web-based student outreach resources with IBHE, ICCB, ISBE, and others in order to simplify and streamline general outreach activities regarding college participation and financial aid, while also using more personal approaches to reach out to people historically under-represented in higher education.	*Outreach practices need to be revamped and coordinated among state education agencies and others to accommodate the arrival of the new "millennials" for whom e-learning is integral to their culture. At the same time many first-generation students and families will need more personal intervention to inform them of the benefits of higher education, the academic requirements needed for college, and the availability of financial aid.*

Keeping College Costs Affordable

At the heart of *The Illinois Commitment* lies the desire to ensure that postsecondary opportunities are both affordable and accessible to all Illinois citizens. A key ingredient in making this goal a reality is the need to strike a balance between college costs and financial aid opportunities. As noted at the beginning of this report, there are many interrelated factors that underlie the issue of affordability. These relationships will be discussed further in this section, which includes a review of progress in keeping college costs affordable since 1994, identification of current related issues, and the Committee's recommendations.

PROGRESS SINCE 1994

Table 6: 1994 Recommendations for Keeping Costs Affordable

1994 Committee Recommendations	Importance* (High to Low)
Annually publish a report on college affordability.	2.4
Governing boards, colleges, and universities should develop, and annually update, four-year plans for tuition and fees.	2.5
Governing boards for public institutions should include tuition rate changes and the resulting revenue changes in their annual state budget requests to IBHE.	2.6
Governing boards should examine how institutions can reduce reliance upon fees as a revenue source.	2.7
Examine the utility and feasibility of collecting additional information to support decisions on tuition/ fees and student financial aid.	2.7
Governing boards should not create any new fees to finance instructional activities and should consult with students when increasing non-instructional fees.	2.8
Tuition rates for out-of-state students at public universities should approximate instructional costs.	2.8

*1 = Extremely important, 5 = Not important

The Web-based survey results suggest that keeping costs affordable remains an important objective for this study, although somewhat less so than the other two statewide objectives. The most important issue identified by survey respondents was the recommendation to annually publish and distribute a report on college affordability (rated 2.4 on a 5.0 scale).

Overall, survey respondents graded progress on this statewide objective with a C-. The highest mark, C, was granted to the annual publication and distribution of a report on college affordability. A grade of D+ for the following recommendations indicate that these issues have not been addressed sufficiently:

- Governing boards, colleges, and universities should develop, and annually update, four-year plans for tuition and fees.
- Examine the utility and feasibility of collecting additional information to support decisions on tuition/fees and student financial aid.

The following topics were the most frequently mentioned concerns that also should be considered by the Committee, as suggested by over 50 percent of the survey respondents that chose to provide additional comments in regard to keeping costs affordable:

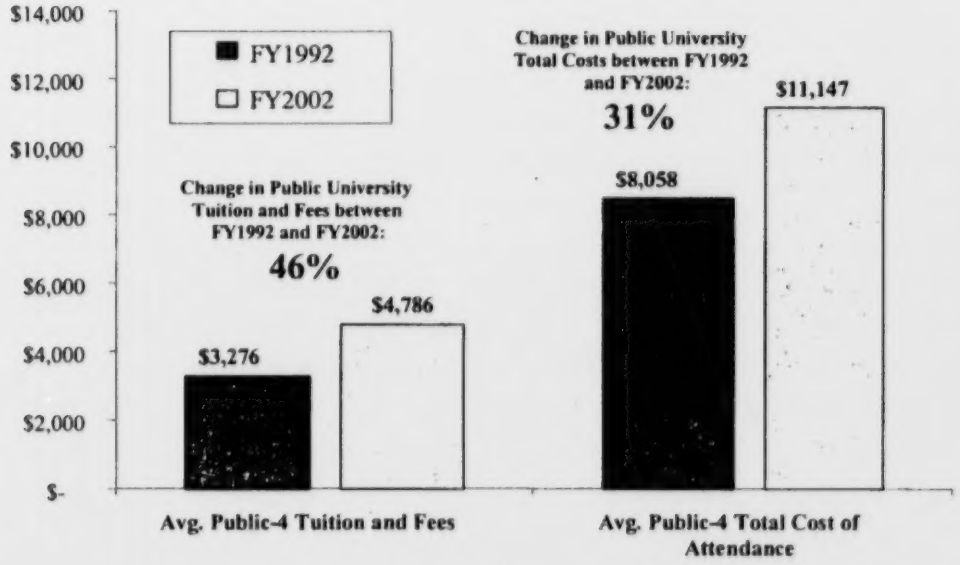
- Importance of the institution's ability to determine tuition and fees locally.
- Concerns with the use of state funds for students attending private institutions.
- Reduction of administrative costs.

CURRENT ISSUES

- **"Skyrocketing Public-College Tuition Renews Calls for Better Policies."**[30] It is not uncommon to see headlines pronouncing record tuition increases or escalating college costs. However, what often go unnoticed are the reasons why colleges raise tuition and the strategies undertaken by institutions and state policymakers to contain these costs.

  Figure 8 illustrates how increases in tuition and fees have driven the total costs of college attendance in Illinois in recent years.

Figure 9: Changes in Illinois Public University Costs, FY1992 to FY2002 (in FY2002 Dollars)



[30] Hebel, S. (2002, October 25). Chronicle of Higher Education

- **Why have college costs and prices increased?** Unfortunately, there is not a simple answer to this question as there typically is not a single factor that causes college costs and prices to increase. Research suggests the following factors contribute to these increases:

  - ✓ **Decreased Government Funding.** As noted previously, there is an inverse relationship between state appropriations and tuition. Or, in other words, as state appropriations for higher education decrease, public institutions may increase tuition as a means to help offset the loss of state support. Thus, headlines announcing record tuition increases tend to occur during difficult fiscal conditions (e.g., recession).

  - ✓ **Information Technology.** A rapidly advancing technological world requires institutions to maintain up-to-date computer-related equipment and telecommunications systems, as well as adequate training programs. In addition, as new generations of technology savvy students enter college, there is high demand to meet their growing needs and expectations.

  - ✓ **Facilities.** Factors such as increasing enrollments, an aging infrastructure, and a backlog of deferred maintenance can act as cost drivers.

  - ✓ **Student Characteristics.** Changes in student characteristics can impact costs as institutions strive to meet the needs of an increasingly non-traditional student population, such as child-care, tutoring, and remediation. In addition, the growing number of part-time students also may increase internal costs. It may take two or three part-time students to equal the equivalent of one full-time student, yet the administrative and student services costs to the institution to serve these part-time students exceed the costs to serve one full-time student.

  - ✓ **Expectations.** According to the report of the National Commission on the Cost of Higher Education (1998), high expectations of students, parents, and faculty combined with competition from other institutions exert pressure to increase internal expenditures. Students and parents expect state-of-the-art facilities and resources, while premium faculty expect to do only specialized teaching with abundant provision of space, time, and equipment for research.

  - ✓ **Enrollment.** According to one recent study by the Educational Testing Service, Illinois is one of nine states in the nation that can expect modest enrollment growth in the next 15 years.[31] Illinois will not experience the flood of new students expected in some states such as California and Texas. However, the upward swing in enrollment will place pressure on higher education resources.

---

[31] Carnevale, A. P. & Fry, R. (2000). *Crossing the Great Divide: Can We Achieve Equity When Generation Y Goes to College?*

The following table suggests enrollment projections range from an increase of 7 to 12 percent by 2010 and from 11 to 16 percent by 2020 as compared to enrollments in 1998.[32]

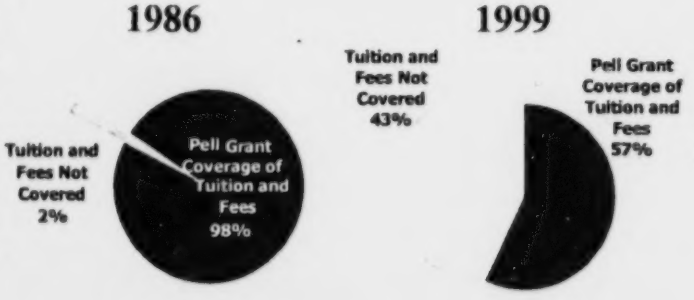
Table 7: Illinois Postsecondary Enrollment Growth at Varying Participation Rates, 1998 to 2020

	LOW		MIDDLE		HIGH	
Change	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
1998-2010	49,919	7%	58,172	8%	86,085	12%
2010-2020	27,670	4%	28,273	4%	29,239	4%
1998-2020	77,589	11%	86,445	12%	115,324	16%

- **How can we limit the impact of tuition increases?** One model that has been suggested to help increase the predictability and stability of tuition at Illinois public universities is a program that offers a guaranteed four-year rate for tuition. This year, legislation (Public Act 93-0228) was passed in the Illinois General Assembly that requires the tuition charged to a first-time, undergraduate public university student who is an Illinois resident to remain at the same level for four years (or for undergraduate programs that require more than four years to complete, for the normal time to complete the program, as determined by the University). This legislation is often referred to as the "truth in tuition" bill. Western Illinois University is the only institution in Illinois, and one of only a few in the nation, already offering this type of program.

- **"Federal and state aid to students has not kept pace with increases in tuition."**[33] The largest federal need-based grant is the Pell grant, which is applied to a student's account to pay for such items as tuition, fees, room and board, and other education-related expenses. As depicted in Figure 10, a federal Pell grant covered 98 percent of tuition and fees in 1986, but only 57 percent in 1999.

Figure 10: Pell Grant Coverage of Tuition and Fees


1986
Tuition and Fees Not Covered 2%
Pell Grant Coverage of Tuition and Fees 98%
1999
Tuition and Fees Not Covered 43%
Pell Grant Coverage of Tuition and Fees 57%

[32] IBHE. (2001). *Gateway to Success: Rethinking Access and Diversity for a New Century.*

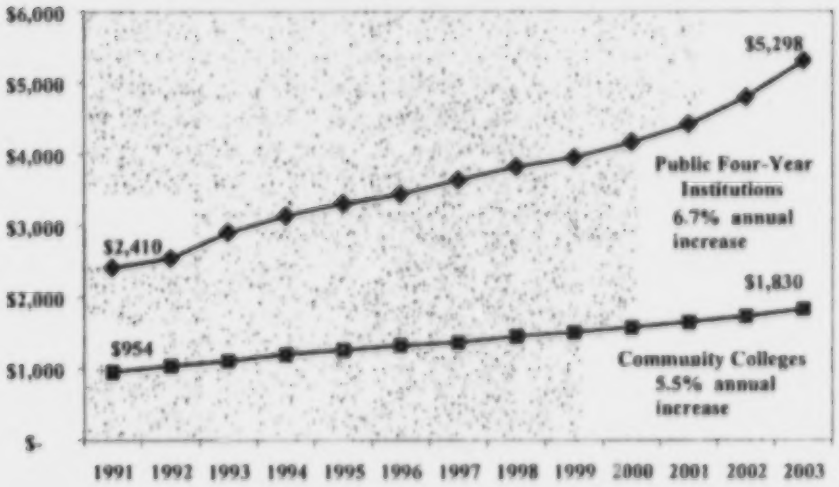
[33] National Center for Public Policy and Higher Education. (2002). *Losing Ground: A National Status Report on the Affordability of American Higher Education.*

BEST COPY AVAILABLE

In 1986, a student living in Illinois who was eligible for a full Pell grant, as well as a full MAP grant, was able to utilize the Pell grant funds to assist with other educational expenses (e.g., room and board, books and supplies) as the MAP grant would have covered the tuition and fees at a public institution in full. This was not the case in 1999 as the purchasing power of both the Pell and MAP grants has decreased over time.

A study by ISAC found that while the maximum award of a MAP grant increased faster than inflation between fiscal year 1991 to fiscal year 2003, it did not keep pace with tuition and fee increases.[14]

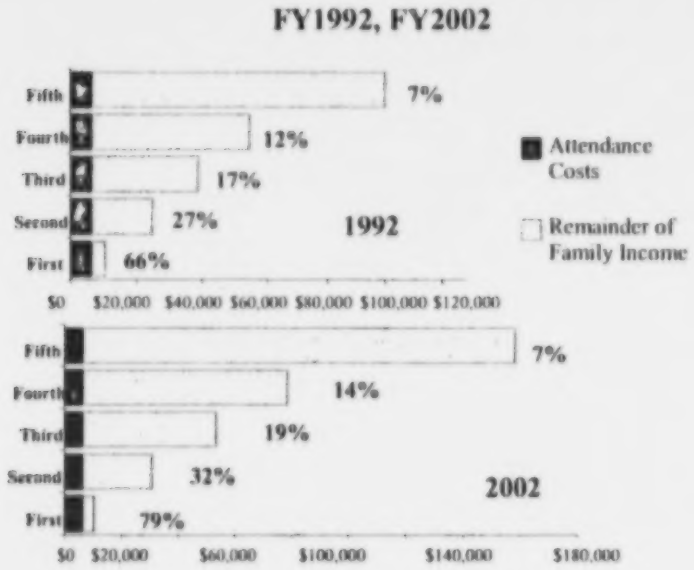
Figure 11: College Tuition and Fees from FY1991 to FY2003, Public Universities and Community Colleges



[14] ISAC. (2002). *Changes in the Affordability of a College Education for Dependent Students in Illinois* (http://www.isac-online.org/newpages/download/afford2002.pdf)

As such, Figure 12 illustrates that Illinois families are experiencing greater difficulty in paying for college compared to ten years ago.[35]

Figure 12: Percent of Illinois Annual Family Income Required to Pay Public University Attendance Costs, by Income Quintile, FY1992, FY2002



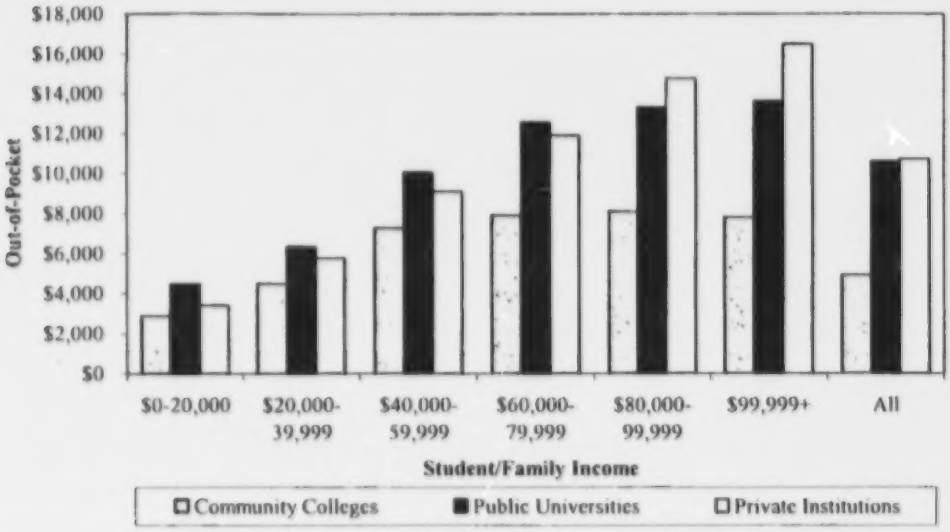
This study concluded that "unless college costs rise at a lesser rate in the next decade, or unless additional grant assistance can be made available, most Illinois lower- and middle-income families will follow the national trends, and continue to lose ground on college affordability."

- **What does it really "cost" to attend college?** As noted in the "Assisting Needy Students" section of this report, an analysis of college affordability for full-time students was conducted as a part of the Committee's work to help identify where affordability problems may be the greatest. The analysis was based on fiscal year 2002 data, prior to the reductions in MAP that occurred in fiscal year 2003.

  The following charts (Figures 13 and 14) illustrate out-of-pocket expenses for both independent and dependent students of differing income levels attending Illinois community colleges, public universities, and private institutions. Out-of-pocket expenses are those costs that remain after all gift aid and work-study awards (i.e., aid that does not need to be repaid) have been subtracted from the institution's budgeted cost of attendance.

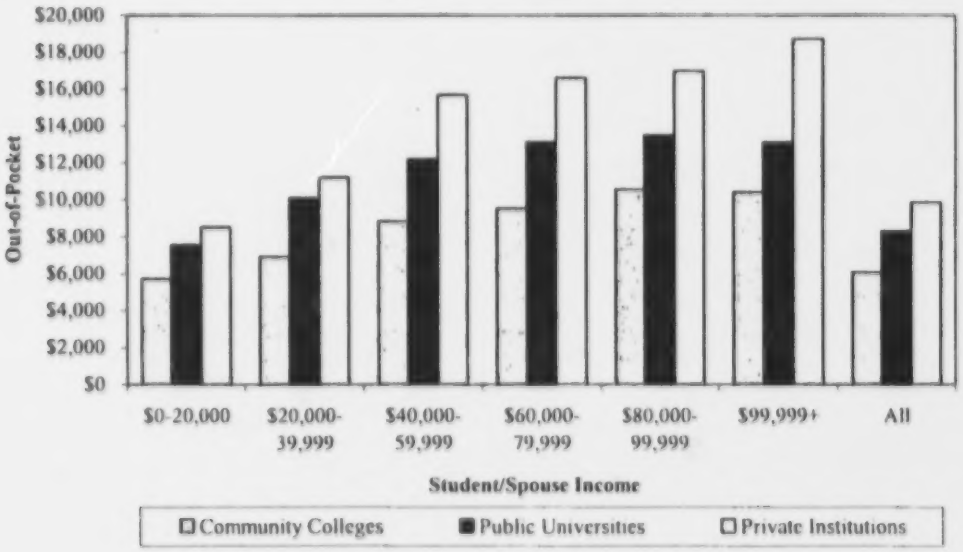
[35] ISAC. (2002). *Increasing College Access or Just Increasing Debt? The Problem with Raising Student Loan Limits* (http://www.isac-online.org/newpages/download/access_web.pdf)

Figure 13: Out-of-Pocket Expenses for Illinois Dependent Full-Time Students, FY2002



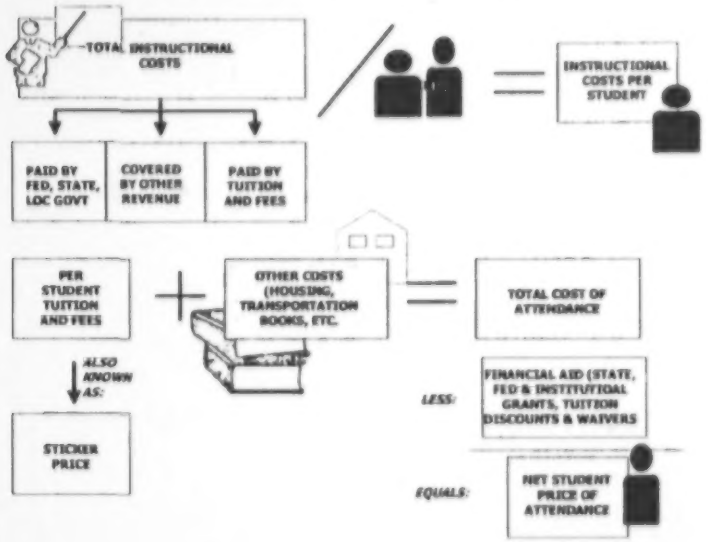
This analysis reveals that low-income students receive the greatest amount of gift aid, which results in lowering the out-of-pocket expense of attending college. This analysis also suggests that gift aid and work-study awards are reaching those students with the greatest financial need and helping them to gain access to a postsecondary institution of their choice.

Figure 14: Out-of-Pocket Expenses for Illinois Independent Full-Time Students, FY2002



- **Financial Aid 101.** Parents and students often confuse the "sticker price" with the "net price" of attending college, which may lead some to mistakenly assume that college is beyond their financial means. The following diagram illustrates the levels and complex nature of the various costs associated with college.

Figure 15: Components of College Costs


TOTAL INSTRUCTIONAL COSTS
INSTRUCTIONAL COSTS PER STUDENT
PAID BY FED, STATE, LOC GOVT
COVERED BY OTHER REVENUE
PAID BY TUITION AND FEES
PER STUDENT TUITION AND FEES
OTHER COSTS (HOUSING, TRANSPORTATION BOOKS, ETC.
TOTAL COST OF ATTENDANCE
ALSO KNOWN AS:
STICKER PRICE
LESS:
FINANCIAL AID (STATE, FED & INSTITUTIONAL GRANTS, TUITION DISCOUNTS & WAIVERS
EQUALS:
NET STUDENT PRICE OF ATTENDANCE

In addition, as noted earlier in this report, research suggests that the lack of information available to low-income families regarding financial aid and cost are key deterrents to their pursuit of a postsecondary education. A 2003 survey commissioned by Sallie Mae reiterates previous research findings:[36]

- ✓ Information about financial aid matters. The more a young adult knows about financial aid, the more likely he or she is to pursue a higher education.
- ✓ Those who need financial aid information the most (e.g., low-income, minorities, first-generation) understand it the least.

In short, it is important to ensure that families are aware of what out-of-pocket expenses to expect and what financial aid options are available to help make college a reality. Many potential students and their families are unaware that students attending postsecondary institutions typically receive a general subsidy (i.e., the difference between the "instructional cost per student" and the "sticker price") or that very few students actually pay the "sticker price" as most students receive some form of financial aid (e.g., grants, loans, scholarships).

- **Research suggests that increased governmental regulatory requirements at all levels are a factor in increasing institutional costs and, subsequently the cost of attendance for students (i.e., tuition and fees).** In 1997, the National Commission on the Cost of Higher Education, an independent advisory group established by Congressional charter (Public Law

[36] See www.thesalliemaefund.org

44

BEST COPY AVAILABLE

105-18), conducted an extensive study of college costs and prices. In its findings, the Commission recommended, "a fresh approach to academic regulation" to "ensure public accountability in ways that are less costly and more easily manageable."[37]

While these regulations play an important role in promoting higher education's accountability, there may be opportunities to reduce the extensive reporting requirements or redundancy of some regulations and, therefore, decrease costs. Examples, as suggested by the National Commission, include:

- ✓ Examine state regulations that exceed federal requirements to determine if the extra cost burden associated with meeting these additional state demands provides a justifiable benefit.
- ✓ Adoption of a performance-based deregulation approach that rewards institutions that successfully demonstrate accountability and good stewardship of public resources.

RECOMMENDATIONS FOR 2003 AND BEYOND

The Committee took the preceding issues into consideration in making the following recommendations to keep college costs affordable.

Keeping College Costs Affordable	
Recommendations	**Rationale**
16. Public universities should adopt tuition and fee programs that bring stability, predictability, and affordability to tuition and fee increases and that also provide the necessary financial resources for institutions to adequately address current and out-year institutional costs.	*Tuition and fee costs have increased dramatically over the past few years and have varied widely among institutions. Plans such as those at Western Illinois University and Southern Illinois University that improve stability helps families with their personal financial planning and tying cost increases to changes in family income keeps such increases within a reasonable range of expectations.*

[37] National Commission on the Cost of Higher Education. (1998). *Straight Talk about College Costs and Prices*.

Keeping College Costs Affordable	
Recommendations	**Rationale**
17. As higher education budget increases occur, MAP should be the highest priority for new funding to improve affordability and participation of low-income students in higher education. If budget decreases occur, MAP should be the highest priority to be spared funding reductions. In addition, the Committee recognizes that maintaining a stable base of state support for institutional operating costs also helps to maintain an affordable system of higher education in Illinois. Thus, stable institutional funding should also be a high priority for the state.	*The Board needs to reconfirm its long-held commitment that funding needy students is a critical state priority in order to make educational and economic opportunity a realistic option for disadvantaged students. In addition, providing a stable base of state funding for public colleges and universities helps to further maintain and enhance affordability by stabilizing tuition rates.*
18. The IBHE and ISAC shall develop a biennial "State of College Affordability in Illinois" report to be broadly distributed to the Governor, General Assembly, higher education institutions, K-12 schools, and the public that includes, among other items, an analysis of unmet student financial need for undergraduates by income quintile and sector, after MAP, Pell, and institutional grant aid are subtracted. This report should reflect the implementation status of recommendations of the Committee on Affordability.	*Tracking the types and amounts of aid available to Illinois students will help identify financial needs that need to be addressed in order to promote the State's goal of a more educated populace and workforce.*
19. Families should be made aware of the full cost of college attendance early on. As part of the "State of College Affordability in Illinois" report, IBHE and ISAC should publish a listing of the full cost of education for public and private institutions that subtracts out the average state subsidy per student at each institution to yield the "sticker price." This "sticker price" should then be further reduced by potential MAP, Pell grant, and institutional grant aid received by students at each income quintile to yield a range of "net prices by family income." The maximum loan amount that may be acquired at each level also should be included to illustrate the personal financial resources required by families.	*One of the prevalent themes indicated in the testimony presented to the Committee and in the research reviewed is the importance of providing better information to students and families on the actual cost of college attendance to assist in planning for this investment. It is particularly important that such information be made available in a user-friendly manner for lower-income and first-generation college students to assist in increasing college participation among these groups.*

Keeping College Costs Affordable	
Recommendations	**Rationale**
20. The IBHE should conduct an analysis of the impact of state statutes, rules, and reporting requirements on institutional costs and make recommendations to the Governor and General Assembly where additional efficiencies and streamlining can be attained to reduce related administrative costs while also ensuring accountability.	*Research suggests that increased governmental regulatory requirements at all levels are a factor in increasing institutional costs and, subsequently, the cost of attendance for students (i.e., tuition and fees). While these regulations play an important role in promoting higher education's accountability, there may be opportunities to reduce the extensive reporting nature or redundancy of some regulations and, therefore, decrease costs.*

Implementation Actions and Estimated Costs of the Committee's Recommendations

The implementation of these recommendations will be dependent on the relative priorities set for each one by the IBHE, ISAC, Illinois colleges and universities, and, of course, the Governor and General Assembly. In many cases, implementation also will be dependent on the availability of fiscal resources. The appendix presents a detailed outline of the action steps needed to implement each recommendation and by what entities (e.g., IBHE, ISAC, institutions), an assessment of whether implementation can be accomplished in the short- or long-term, and a very broad estimate of the cost implications for the state associated with each recommendation. In addition, assumptions on how the cost implications were derived are included.

Appendix

Implementation Actions and Estimated Costs of the Committee's Recommendations

Enhancing Academic Preparation and Performance

Recommendations	Affordability Issue Addressed	Action ...	Required by	Timeframe to Implement	State Price Tag
1. Illinois high school graduation requirements should be strengthened to be consistent with the Illinois Learning Standards and the ACT recommended core curriculum.	Pre-college preparation	*Change HS Graduation Requirement*	Governor, General Assembly, SBE, High Schools	LONG-TERM	$$$
2. Monetary Award Program (MAP) grants should provide adequate funding for the coursework required for graduation. At a minimum, it should provide funding for a total of 135 hours of coursework to allow for remedial courses, non-transferability of certain credits between institutions, and majors that require more than the standard 120 hour requirement for graduation at most public four-year institutions. Payment for enrollment at two-year institutions should be limited to a maximum of 75 hours as part of the overall total of 135 hours.	***Time-to-degree and degree completion***	**MAP Grant Parameter Change**	ISAC	SHORT-TERM	$$$
3. The Illinois Virtual Campus (IVC) and its current participating institutions should study the feasibility of developing a *single* application and registration process for distance learners and also of developing policies and procedures for institutions to deliver common courses and common degree programs statewide. The Illinois Board of Higher Education (IBHE) should seek the necessary operating and capital funding from the Governor and General Assembly for effective implementation of this initiative. These policies and processes should ensure equal access to distance learning opportunities for low income and adult students. As such, the Illinois Student Assistance Commission (ISAC) should ensure that state financial aid policies and regulations do not create disincentives for students and institutions to participate in this initiative.	***Time-to-degree and degree completion***	Improve Virtual Campus Registration Process	IBHE, ISAC	LONG-TERM	*Uncertain, depends on the scope of the final project*

50 BEST COPY AVAILABLE

Enhancing Academic Preparation and Performance

Recommendations	Affordability Issue Addressed	Action ...	Required by	Timeframe to Implement	State Price Tag
4. The "four-year completion guarantee" offered by some Illinois public universities should become available at all 12 public universities, with a two-year version offered at community colleges. Public universities also should provide an accelerated track whereby students in majors with several sequential courses can complete their degree in less than four years by attending school year-round and/or utilizing the IVC.	***Time-to-degree and degree completion***	Provide an accessible route to a bachelor's degree in four years	Public Universities and Community Colleges	SHORT-TERM	**No Cost**
5. *In order* to address factors affecting successful degree completion, the IBHE and ISAC should jointly assess the extent to which MAP recipients who enroll at community colleges are progressing toward achievement of their educational goals.	***Time-to-degree and degree completion***	STUDY	**ISAC, IBHE**	SHORT-TERM	**No Cost**
6. Costs to take student assessment exams such as the Advanced Placement (AP) program should be reimbursed by the state for low-income students who are able to obtain college credit as the result of taking the exam (including test-taking costs and test preparation materials). In addition, financial assistance should be provided for low-income high school students who participate in "dual enrollment" programs.	Pre-college preparation	**State funding for AP exams and dual enrollment programs**	**SBE, high schools**	SHORT-TERM	**$**

BEST COPY AVAILABLE

Assisting Needy Students

Recommendations	Affordability Issue Addressed	Action ...	Required of	Timeframe to Implement	State Price Tag
7. Annual increases in funding requirements for MAP should keep pace with projected increases in tuition and fees across all sectors. At a minimum, application processing should continue through mid-September for students seeking to enroll in the fall term. Ultimately, funding should be available to permit year-round processing if the state is to be responsive to the needs of all students, traditional and non-traditional.	Getting classes paid for when needed	**Year-round MAP grants - MAP Grant Parameter Change**	Governor, General Assembly, IBHE, ISAC	LONG-TERM	$$$$
8. Continue to ensure that MAP award amounts are sufficient to provide student choice among community colleges, public universities, and private institutions. At a minimum, increases in the MAP maximum award should equal or exceed average annual increases in public university tuition and fees.	**Core Principal- Ensuring Student Choice**	Appropriation sufficient to cover increases in tuition and fees.	Governor, General Assembly, IBHE, ISAC	LONG-TERM	$$$$
9. The Illinois Incentive for Access Program (IIA) should be increased to provide awards of $1,000 to freshmen with no ability to pay for college and expanded also to include $500 for freshmen with very limited ability to pay for college.	Reducing Freshman Debt Levels	**IIA Grant Parameter Change**	Governor, General Assembly	LONG-TERM	$$$
10. ISAC should conduct further research and make recommendations on how to ensure that any changes in the MAP award distribution improve affordability for students and families whose income levels place them in Illinois' lower three income quintiles and to reduce the amount of borrowing needed for freshman and sophomore students in those income quintiles.	Reducing Freshman and Sophomore Debt Levels	**MAP Grant Parameter Change**	**ISAC**	SHORT-TERM	No Cost
11. At least 25 percent of the discretionary tuition waivers (dollar value) provided by public universities to undergraduate students should be allocated on the basis of student/family financial need, with a goal of increasing this proportion to 50 percent over time.	College Costs	Offer more need-based tuition waivers	Public Universities	LONG-TERM	No Cost
12. The distribution of state need-based aid should continue to be focused on students, not institutions, through a centralized program administered by ISAC.	**Core Principal – emphasis on student**	None	None	ON-GOING	No Cost

52 BEST COPY AVAILABLE

Assisting Needy Students

Recommendations	Affordability Issue Addressed	Action ...	Required of	Timeframe to Implement	State Price Tag
13. The IBHE and ISAC should jointly conduct a review of all state student aid programs not primarily based on need to assess the efficiency and effectiveness of each in order to justify continued program funding.	**Core Principal – efficiency and effectiveness**	STUDY	**IBHE, ISAC**	SHORT-TERM	**No Cost**
14. Continually seek to simplify the financial aid application process in order to promote access while ensuring that adequate data are collected to safeguard state taxpayers' interests.	Streamline Financial Aid Process	Review financial aid materials for redundancies	National **IBHE, ISAC**	ON-GOING	**No Cost**
15. ISAC should coordinate current and future Web-based student outreach resources with IBHE, ICCB, ISBE, and others in order to simplify and streamline general outreach activities regarding college participation and financial aid, while also using more personal approaches to reach out to people historically under-represented in higher education.	Streamline Financial Aid Process	*Outreach Activities*	**IBHE, ISAC**	ON-GOING	**No Cost**

BEST COPY AVAILABLE

Keeping College Costs Affordable

Recommendations	Affordability Issue Addressed	Action ...	Required by	Timeframe to Implement	State Price Tag
16. Public universities should adopt tuition and fee programs that bring stability, predictability, and affordability to tuition and fee increases and that also provide the necessary financial resources for institutions to adequately address current and out-year institutional costs.	College Costs	Tuition and fee stability guarantees	Public Universities	SHORT-TERM	$$
17. As higher education budget increases occur, MAP should be the highest priority for new funding to improve affordability and participation of low-income students in higher education. If budget decreases occur, MAP should be the highest priority to be spared funding reductions. In addition, the Committee recognizes that maintaining a stable base of state support for institutional operating costs also helps to maintain an affordable system of higher education in Illinois. Thus, stable institutional funding should also be a high priority for the state.	**Core Principal-High Priority for MAP Funding**	None	None	ON-GOING	No Cost
18. The IBHE and ISAC shall develop a biennial "State of College Affordability in Illinois" report to be broadly distributed to the Governor, General Assembly, higher education institutions, K-12 schools, and the public that includes, among other items, an analysis of unmet student financial need for undergraduates by income quintile and sector, after MAP, Pell, and institutional grant aid are subtracted. This report should reflect the implementation status of recommendations of the Committee on Affordability.	Measuring Progress toward Affordability Goals	STUDY	**IBHE, ISAC**	SHORT-TERM	No Cost
19. Families should be made aware of the full cost of college attendance early on. As part of the "State of College Affordability in Illinois" report, IBHE and ISAC should publish a listing of the full cost of education for public and private institutions that subtracts out the average state subsidy per student at each institution to yield the "sticker price." This "sticker price" should then be further reduced by potential MAP, Pell Grant, and institutional grant aid received by students at each income quintile to yield a range of "net prices by family income." The maximum loan amount that may be acquired at each level also should be included to illustrate the personal financial resources required by families.	College Costs	STUDY And *Outreach Activities*	**IBHE, ISAC**	SHORT-TERM	No Cost

Keeping College Costs Affordable

Recommendations	Affordability Issue Addressed	Action ...	Required by	Timeframe to Implement	State Price Tag
20. The IBHE should conduct an analysis of the impact of state statutes, rules, and reporting requirements on institutional costs and make recommendations to the Governor and General Assembly where additional efficiencies and streamlining can be attained to reduce related administrative costs while also ensuring accountability.	College Costs	STUDY	IBHE	SHORT-TERM	No Cost

No Cost No Additional Cost to State

$ $2 million and under

$$ Over $2 million to $10 million

$$$ Over $10 million to $15 million

$$$$ Over $15 million

BEST COPY AVAILABLE

Doing the Math: Fiscal Implications of the Committee's Recommendations

Eight of the 20 recommendations offered by the Committee would require additional state funding. The remaining recommendations requiring funds could be accomplished within existing IBHE and ISAC resources. Below is a brief discussion of the fiscal implications of the eight recommendations, including estimates of additional costs to the state.

Some of the new recommendations requiring substantial new appropriations might be first implemented as pilot project, requiring fewer new dollars. In addition, these projections assume economic and cost factors currently reflected in MAP program data. These factors will likely change as the state and national economies improve over time.

Recommendation 1: Illinois high school graduation requirements should be strengthened to be consistent with the Illinois Learning Standards and the ACT recommended core curriculum.

Price tag to the State, given the following assumptions: $12.5 million

About 130,000 students are provided with Monetary Award Program (MAP) grants from an appropriation of about $333 million, making the average grant approximately $2,500. If the number of college-ready students increased by 10 percent as a result of this recommendation and one quarter of them qualify for MAP grants (this assumes the same income distribution and college attendance patterns), then at least 5,000 more students will require financial aid. With these assumptions, the cost could be as much as $12.5 million when fully realized.

It should be noted that implementing this recommendation could also result in additional costs to local K-12 school districts as well as to state aid provided to those districts, although no data are currently available to assess this aspect of fiscal impact.

Recommendation 2: MAP grants should provide adequate funding for the coursework required for graduation. At a minimum, it should provide funding for a total of 135 hours of coursework to allow for remedial courses, non-transferability of certain credits among institutions, and majors that require more than the standard 120 hour requirement for graduation at most public four-year institutions. Payment for enrollment at two-year institutions should be limited to a maximum of 75 hours as part of the overall total of 135 hours.

Price tag to the State: $12.5 million, depending on parameters

Eliminating fifth-year MAP saved the state about $20 million; switching to a 135-hour funding level equals about 4 1/2-years and would cost approximately $12.5 million.

Recommendation 3: The Illinois Virtual Campus (IVC) and its current participating institutions should study the feasibility of developing a single application and registration process for distance learners and also of developing policies and procedures for institutions to deliver common courses and common degree programs statewide. The IBHE should seek the necessary operating and capital infrastructure funding from the Governor and General Assembly for effective implementation of this initiative. These policies and processes should ensure equal access to distance learning opportunities for low-income and adult students. As such, ISAC should ensure that state financial aid policies and regulations do not create disincentives for students and institutions to participate in this initiative.

Price tag to the State: not yet determined

Data to assess the potential costs and benefits of this recommendation for the state (and participating institutions) are not available, but would be developed through the feasibility study.

Recommendation 6: Costs to take student assessment exams such as the Advanced Placement (AP) program should be reimbursed by the state for low-income students who are able to obtain college credit as a result of taking the exam (including test-taking costs and test preparation materials). In addition, financial assistance should be provided for low-income high school students who participate in "dual enrollment" programs.

Price tag to the State given the following assumptions: $2 million

AP Examinations. The discounted cost for low-income students to take AP exams is $50 per exam. The State of Illinois already offers a $50 subsidy to low-income students to offset this cost, but the cost of the exam is only a small part of the total cost. Old exams are $25 each, a book of practice tests is $35, and study guides and CDs also are available. Subsidies are not available from either the College Board or the state to help low-income students pay for these preparation materials. If 10 percent of Illinois high school seniors took the current average of 1.5 AP examinations each, and 40 percent qualified as low-income, offering a $60 subsidy to offset the cost of preparing for each AP exam could cost the state about $1 million if the number of low income students taking 1.5 AP exams doubled with the subsidy.

Dual Enrollment. If high school seniors take one three-credit hour course per semester, at an average cost of $65 per credit hour, then the cost per student would be about $400 per year. About 2,500 students currently attending community colleges are classified as pre-collegiate, under age 18. If 40 percent qualified as low-income and if that number doubles with the financial assistance, the cost for this part of the program would be about $800,000.

It should be noted that the Illinois Community College Board (ICCB) currently receives state funding for "P-16 Initiative/Accelerated College Enrollment Grants" that are provided to community college districts for use in expanding services to high school students desiring to take college-level classes while still in high school. A total of

$1.3 million was provided in fiscal year 2003 for these grants. At least part of the cost of this recommendation may be able to be funded through these existing resources.

Recommendation 7: Annual increases in funding requirements for MAP should keep pace with projected increases in tuition and fees across all sectors. At a minimum, application processing should continue through mid-September for students seeking to enroll in the fall term. Ultimately, funding should be available to permit year-round processing if the state is to be responsive to the needs of all students, traditional and non-traditional.

Price tag to the State: minimum of $26.5 million

If tuition and fees increase by five percent in FY2004, then MAP must increase by about $16.5 million to keep up with the increase (but this would not begin to close the gap – that would increase by five percent as well.) To extend processing to mid-September (from the mid-August suspension date we are now aiming for) would cost an additional $10 million. Processing applications and awarding grants on a year-round basis could cost another $40 million.

Recommendation 8: Ensure that MAP award amounts are sufficient to provide student choice among community colleges, public universities, and private institutions. At a minimum, increases in the MAP maximum award should equal or exceed annual increases in public university tuition and fees.

Price tag to the State: minimum of $17 million

For each one percent increase in tuition and fees, about $3.4 million is required for a related increase in the maximum MAP award – i.e., a five percent increase in tuition in fees would require an overall increase of approximately $17 million.

Recommendation 9: The Illinois Incentive for Access Program (IIA) should be increased to provide awards of $1,000 to freshmen with no ability to pay for college and expanded to also include $500 for freshmen with very limited ability to pay for college.

Price tag to the State: approximately $14 million

This doubles the existing award amount and adds a new eligibility group. The IIA Program currently has an appropriation of $7.2 million. The estimate of the appropriation needed to cover the entire program with these increases is at least $20 million.

Recommendation 16: Public universities should adopt tuition and fee programs that bring stability, predictability, and affordability to tuition and fee increases and that also provide the necessary financial resources for institutions to adequately address current and out-year institutional costs.

Price tag to the State given the following assumptions: $3.5 million

If tuition and fee increases are "front-loaded" for public university students beginning with the freshman class of fiscal year 2005, then initially MAP would have to

be increased to compensate. Assuming a five percent tuition and fee increase per year over a four-year period, and allowing public universities to recover their out-year costs up front, the initial MAP increase would be approximately 13 percent for public university freshmen. In fiscal year 2003 this group of students received about $26 million in MAP funds; about an additional $3.4 million (13 percent) would have to be appropriated to cover the additional cost in the first year of the program.

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

NOTICE

Reproduction Basis

[X] This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.

[ ] This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").